

ANNUAL BUDGET

OF

UPHONGOLO MUNICIPALITY

2015/16 TO 2017/18
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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ITHALA GAME RESERVE

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Abbreviations and Acronyms

SGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CFO	Chief Financial Officer
CPI	Consumer Price Index
DoRA	Division of Revenue Act
EE	Employment Equity
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act Programme
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium Term Revenue and Expenditure Framework.
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

Honourable Speaker
Honourable Deputy Mayor
Honourable Chairperson of MPAC
Honourable Councillors
The Administration of the Municipality
And all present, I greet you.

TO BE PRESENTED IN MAY 2015

1.2 Council Resolutions

On 30 March 2015 the Council of uPhongolo Municipality met in the Council Chambers of the municipality to consider the draft annual budget of the municipality for the financial year 2015/16. The Council approved and adopted the following resolutions:

1. The Council of uPhongolo Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves:

   1.1. The draft annual budget of the municipality for the financial year 2015/16 and the multi-year and single-year capital appropriations as set out in the following tables:

      1.1.1. A1 – Budget Summary as contained in Table 1 on page 21;

      1.1.2. A2 - Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 13 on page 23;

      1.1.3. A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 14 on page 25;

      1.1.4. A4 - Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 15 on page 27;

      1.1.5. A5 – Capital Budget by vote, standard classification and funding as contained in Table 21 on page 29;

      1.1.6. A6 – Budget Financial Position as contained in Table 19 on page 31;

      1.1.7. A7 – Budgeted Cash Flows as contained in Table 20 on page 33;

      1.1.8. A8 – Cash backed reserves/accumulated surplus reconciliation as contained in Table 21 on page 34;

      1.1.9. A9 – Asset Management as contained in Table 22 on page 35; and

      1.1.10. A10 – Service delivery measurement as contained in Table 23 on page 37.

2. The Council of uPhongolo Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2015:

   2.1. the tariffs for property rates – as set out on page 10

   2.2. the tariffs for electricity – as set out on page 11

   2.3. the tariffs for solid waste services – as set out on page 12

3. To give proper effect to the municipality's annual budget, the Council of uPhongolo Municipality approves:

   3.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions,

unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

3.2. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2015/16 financial year limited to an amount of R4 million per financial year of the MTREF in terms of Section 46 of the Municipal Finance Management Act.

3.3. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

1.3 Executive Summary

The year 2014/15 has been challenging and very demanding but due to the emphasis on cost control and the introduction of austerity measures this has somewhat assisted the municipality to reduce the adverse impact of the slow economic recovery.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

National Treasury's MFMA Circulars No. 74 and 75 were used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

The following macro-economic forecasts have been taken into consideration when preparing the 2015/16 budgets and MTREF.

Inflation forecast	2015 Estimate	2016 Forecast	2017 Forecast	2018 Forecast
CPI Inflation	5.6%	4.8%	5.9%	5.6%

Nersa approved guidelines on municipal electricity price increase for the 2015/16 financial year. A guideline increase of 12.2 per cent has been approved based on the following assumptions:

- Bulk purchases have increased by 14.24 per cent in line with Eskom electricity tariff increases to municipalities.
- A consumer price index (CPI) of 6.3% as indicated in the Medium Term Budget Policy Statement (MTBPS) 2014.

The Minister of Finance announced that the electricity levy will be increased by 2 cents per kWh. A circular will be issued to all municipalities on the implementation of the 2 cents per kWh electricity levy.

The Salary and Wage Collective Agreement for the period July 2012 to 30 June 2015 has come to an end. As negotiations with SALGA are still under way, municipalities have been advised to use the following proposed guideline in preparing the 2015/16 budgets:

- 2015/16 financial year: 4.4%
- 2016/17 and 2017/18 financial years: inflation linked increase + 0.25%

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2015/16 MTREF

Summary Statement of Financial Performance				
Description	**Adjustment Budget 2014/15**	**Budget Year 2015/16**	**Budget Year 2016/17**	**Budget Year 2017/18**
Total Operating Revenue	(151 846 422)	(181 821 441)	(183 178 420)	(186 328 220)
Total Operating Expenditure	151 846 422	181 821 441	183 178 420	186 328 220
SURPLUS/(DEFICIT)	**-**	**-**	**-**	**-**
Total Capital Expenditure	**52 508 191**	**45 435 000**	**41 228 000**	**43 801 000**

Total operating revenue has grown from R151,8 million to R181,8 million or by 10 per cent for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will increase by 0.7 and 1.7 per cent respectively, equating to a total revenue growth of R4,5 million over the MTREF when compared to the 2015/16 financial year.

Total operating expenditure for the 2015/16 financial year has been appropriated at R181,8 million and translates into a budgeted surplus of R29,9 million before recognising capital expenditure. When compared to the 2014/15 Adjustments Budget, operational expenditure has grown by 10 per cent in the 2015/16 budget and by 0.7 and 1.7 per cent for each of the respective outer years of the MTREF.

The capital budget of R45,5 million for 2015/16 is 13.5 per cent less when compared to the 2014/15 Adjustments Budget. The decrease in 2015/16 is attributable to provincial projects not

yet available for 2015/16. Further, it is anticipated that there will be no roll over of unspent conditional grants. The capital programme decreases to R41,2 million in the 2016/17 financial year and then increases slightly in 2017/18 to R43,8 million. A substantial portion of the capital budget will be funded from conditional grants over MTREF. Borrowing will contribute 8.8 per cent of capital expenditure in 2015/16 when government grants and transfers are excluded. For the two outer years of the MTREF, the capital programme will be financed mostly from government grants and transfers. The balance will be funded from internally generated funds. It should be noted that the Municipality's has not yet reached its prudential borrowing limits and so there is room to substantially increase these borrowing levels over the medium-term.

1.4 Operating Revenue Framework

For Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue and cash management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 83 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source										
Property rates	10 952	14 051	17 822	23 064	23 064	23 064	23 064	24 732	26 191	27 657
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	18 309	23 366	26 260	26 529	26 529	26 529	26 529	29 895	31 659	33 432
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	4 925	5 419	6 249	6 785	7 710	7 710	7 710	8 080	8 557	9 036
Service charges - other	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	394	578	616	1 390	1 390	1 390	1 390	1 456	1 542	1 628
Interest earned - external investments	1 069	1 043	1 605	1 762	1 762	1 762	1 762	1 846	1 955	2 065
Interest earned - outstanding debtors	2 797	3 282	4 055	3 826	4 885	4 885	4 885	5 120	5 422	5 726
Dividends received	–	–	–	–	–	–	–	–	–	–
Fines	–	692	378	398	398	398	398	417	441	466
Licences and permits	2 330	2 143	1 669	2 436	1 775	1 775	1 775	1 860	1 969	2 080
Agency services	610	706	845	722	722	722	722	756	801	846
Transfers recognised - operational	57 611	66 486	71 407	82 855	82 749	82 749	82 749	106 754	103 682	102 380
Other revenue	849	1 251	998	819	864	864	864	905	959	1 012
Gains on disposal of PPE	17	101	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	99 863	119 118	131 904	150 584	151 846	151 846	151 846	181 821	183 178	186 328

Table 3 Percentage growth in revenue by main revenue source

Description	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	%	Budget Year 2015/16	%	Budget Year +1 2016/17	%	Budget Year +2 2017/18	%
Revenue By Source								
Property rates	23 064	15.2%	24 732	13.6%	26 191	14.3%	27 657	14.8%
Property rates - penalties & collection charges	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Service charges - electricity revenue	26 529	17.5%	29 895	16.4%	31 659	17.3%	33 432	17.9%
Service charges - water revenue	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Service charges - sanitation revenue	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Service charges - refuse revenue	7 710	5.1%	8 080	4.4%	8 557	4.7%	9 036	4.8%
Service charges - other	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Rental of facilities and equipment	1 390	0.9%	1 456	0.8%	1 542	0.8%	1 628	0.9%
Interest earned - external investments	1 762	1.2%	1 846	1.0%	1 955	1.1%	2 065	1.1%
Interest earned - outstanding debtors	4 885	3.2%	5 120	2.8%	5 422	3.0%	5 726	3.1%
Dividends received	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Fines	398	0.3%	417	0.2%	441	0.2%	466	0.3%
Licences and permits	1 775	1.2%	1 860	1.0%	1 969	1.1%	2 080	1.1%
Agency services	722	0.5%	756	0.4%	801	0.4%	846	0.5%
Transfers recognised - operational	82 749	54.5%	106 754	58.7%	103 682	56.6%	102 380	54.9%
Other revenue	864	0.6%	905	0.5%	959	0.5%	1 012	0.5%
Gains on disposal of PPE	–		–		–		–	
Total Revenue (excluding capital transfers and contributions)	151 846	100%	181 821	100%	183 178	100%	186 328	100%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Operational Transfers recognised constitutes a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise a third of the total revenue mix. In the 2014/15 financial year, revenue from rates and services charges totalled R57.3million or 37.7 per cent. This increases to R62.7 million, R66.4 million and R7.1 million in the respective financial years of the MTREF. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 56 MBRR SA1 (see page 98).

Electricity revenue amounts to 16.4 per cent or R29.9 million and increases to R33.4 million by 2017/18. The revenue from property rates totals R24.7 million or 13.6 percent of total budgeted operation revenue in 2015/16 and increases to R27.7 million by 2017/18.

Operating grants and transfers totals R105.4 million in the 2015/16 financial year and decreases to R100.9 million by 2015/16. The decrease is attributable to the Expanded Public Works Programme Grant which has not been allocated for the two outer years of the MTREF. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS									
Operating transfers and grants									
National Government:	55 112	63 086	67 933	81 553	81 553	81 553	104 069	100 878	99 434
Local Government Equitable Share	52 612	59 786	64 393	76 982	76 982	76 982	96 890	98 096	96 501
Finance Management Grant	1 500	1 500	1 650	1 800	1 800	1 800	1 800	1 825	1 900
Municipal Systems Improvement Grant	1 000	800	890	934	934	934	930	957	1 033
Expanded Public Works Programme	–	1 000	1 000	1 837	1 837	1 837	4 449	–	–
Provincial Government:	402	946	1 255	1 202	1 196	1 196	1 292	1 362	1 430
Community Library Services	–	106	19	132	126	126	340	358	377
Provincialisation of libraries	402	440	886	920	920	920	952	1 004	1 053
Maintenance of Sports Facility	–	–	150	150	150	150	–	–	–
IDP Public Participation	–	–	200	–	–	–	–	–	–
Thusong Centre	–	400	–	–	–	–	–	–	–
District Municipality:	50	100	–	100	–	–	–	–	–
ZDM Tourism Grant	50	100	–	100	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–	–
Total operating transfers and grtants	55 564	64 132	69 188	82 855	82 749	82 749	105 361	102 240	100 864

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target as excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increase of Eskom bulk tariff is far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R45 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum total rebate of 20 per cent will be granted to owners of rate-able property. In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
- The owner must be living permanently on the property.
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
- The property must be categorized as residential.

• The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

Table 5 Comparison of proposed rates to levied for the 2015/16 financial year

Category	Proposed Tariff (1 July 2015)	Current tariff (from 1 July 2014)
	R	R
Residential Properties	0.012683	0.012010
State owned Properties	0.015853	0.024020
Business, Commercial & Industrial Properties	0.015853	0.024020
Agricultural Properties	0.003171	0.003003
Vacant Land	0.015853	0.03630
Public Service Infrastructure	0.003171	0.003003
Rural Communal Land	0.015853	0.024020
Special Non-market Properties	0.015853	0.024020

1.4.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. The new increased tariff of 14.24 per cent in bulk electricity to municipalities will be effective from 1 July 2015.

Considering the Eskom increases, the consumer tariff had to be increased by 12.2 per cent to offset the additional bulk purchase cost from 1 July 2015. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge based on the new 12.2 per cent tariff.

The following table shows the impact of the proposed increases in the electricity tariffs on domestic consumers:

Table 6 Comparison between current electricity charges and increases

Category	Current Tariffs	Proposed Tariffs	Change
Low Consumers (0-400 kWh):			
- Basic	0	0	0%
- Plus	1.05	1.09	12.2%
High Consumers (401 – 1000 kWh)			
Developed stands			
- Basic			
- Plus	233.08	260.85	12.2%
Undeveloped stands	0.98	1.09	12.2%
- Basic	122.9	139.14	12.2%
- Plus	0.98	1.09	12.2%
Above 1000 kWh	0.98	1.09	12.2%

On 24 February 2010, the National Energy Regulator (NERSA) approved the implementation of Inclined Block Tariffs (IBT) in order to provide for cross-subsidies for low income domestic customers. The feature of the IBT is that the customers are charged at higher rates as their consumption increases. UPhongolo Municipality will not implement the Inclining Block Tariff Structure as it does not have low income domestic customers in town.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. It is therefore proposed that the taking up of loans as a strategy for funding of the infrastructure be considered and approved to spread the burden over the life span of the assets. As part of the 2015/16 medium-term capital programme, funding has been allocated to electricity infrastructure but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated.

1.4.3 Waste Removal and Impact of Tariff Increases

Currently a significant portion of the solid waste removal is outsourced. The waste removal service is operating at a modest surplus. It is widely accepted that the rendering of this service should at least break even. The contractors engaged to clean the town have operational challenges which affect the cleanliness of the town, such as inadequate equipment. It is therefore proposed that the taking up of loans as a strategy for funding of the waste management machinery and equipment be considered and approved to spread the burden over

the life span of the assets. As part of the 2015/16 medium-term capital programme, funding has been allocated to waste management department.

A 5.6 per cent increase in the waste removal tariff is proposed from 1 July 2015. Any increase higher than 6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2015:

Table 7 Comparison between current waste removal fees and increases

	Current Tariffs 2014/15	Proposed Tariffs 2015/16
	R	R
BELGRADE		
Residential Dwellings	114.50	135.61
Businesses	152.67	180.81
Government & Other Departments	152.67	180.81
URBAN		
Residential and Departmental - twice per week	107.76	127.61
Businesses:		
Bulk Businesses:		
- Small cage	355.62	398.82
- Medium cage	829.78	930.58
- Large cage	1 422.48	1 595.27
Per bin per month - removed daily	161.22	180.81
Business at central point - removed weekly	1 422.49	1 595.27
Garde refuse - residential per meter load or part thereof	113.79	127.61
Business waste removal	201.52	225.99
Building rubble: Cost plus 10% per meter load or part thereof		
ITSHELEJUBA		
Applicable removal cost of contractor + 10% escalation		

1.4.4 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 8 MBRR Table SA14 – Household bills

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
Rand/cent	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	1 938	2 187	1 207	2 299	1 157	1 157	5.6%	1 222	1 280	1 356
Electricity: Basic levy	219	230	216	265	232	232	12.2%	261	273	289
Electricity: Consumption	1 686	1 621	930	2 022	977	977	12.2%	1 096	1 149	1 217
Water: Basic levy										
Water: Consumption										
Sanitation										
Refuse removal	117	123	114	138	121	121	5.6%	128	134	142
Other										
sub-total	3 960	4 161	2 467	4 724	2 487	2 487	(42.7%)	2 707	2 836	3 004
VAT on Services	283	276	176	340	186	186		208	218	231
Total large household bill:	4 243	4 437	2 643	5 064	2 673	2 673	(42.4%)	2 915	3 054	3 235
% increase/-decrease		4.6%	(40.4%)	91.6%	(47.2%)	–		9.1%	4.8%	5.9%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	1 305	1 382	488	1 542	835	835	5.6%	882	924	979
Electricity: Basic levy	219	230	216	265	232	232	12.2%	261	273	289
Electricity: Consumption	1 104	1 169	465	1 322	489	489	12.2%	548	575	608
Water: Basic levy										
Water: Consumption										
Sanitation										
Refuse removal	117	123	114	138	121	121	5.6%	128	134	142
Other										
sub-total	2 745	2 904	1 283	3 267	1 677	1 677	(44.3%)	1 819	1 906	2 018
VAT on Services	202	111	111	242	118	118		131	137	146
Total small household bill:	2 947	3 015	1 394	3 509	1 795	1 795	(44.4%)	1 950	2 043	2 164
% increase/-decrease		2.3%	(53.8%)	151.7%	(48.8%)	–		8.6%	4.8%	5.9%
			-24.30	-3.82	-1.32	-1.00				
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	162	172	99	191	97	97	5.6%	102	107	114
Electricity: Basic levy			216		232	232	12.2%	261	273	289
Electricity: Consumption			325		342	342	12.2%	384	402	426
Water: Basic levy										
Water: Consumption										
Sanitation										
Refuse removal	117	230	114	138	121	121	5.6%	128	134	142
Other										
sub-total	279	402	754	329	792	792	166.0%	875	916	971
VAT on Services	16	56	111	46	118	118		108	113	120
Total small household bill:	295	458	865	375	910	910	162.1%	983	1 029	1 091
% increase/-decrease		55.3%	88.9%	(56.6%)	142.7%	–		8.0%	4.7%	6.0%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

Table 9 Summary of operating expenditure by standard classification item

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Expenditure By Type										
Employee related costs	27 832	33 774	36 700	45 665	45 665	45 665	45 665	60 765	58 878	62 908
Remuneration of councillors	5 842	5 997	6 909	7 393	7 393	7 393	7 393	7 762	8 150	8 558
Debt impairment	3 569	2 537	7 337	1 454	1 454	1 454	1 454	4 980	4 615	(2 744)
Depreciation & asset impairment	2 974	4 372	4 631	4 536	4 536	4 536	4 536	7 833	8 855	9 942
Finance charges	749	765	782	970	970	970	970	513	271	76
Bulk purchases	15 617	19 039	20 419	23 299	23 299	23 299	23 299	26 761	28 340	29 927
Other materials	3 844	6 464	7 554	8 978	9 588	9 588	9 588	10 362	10 973	13 559
Contracted services	6 237	9 157	12 512	10 974	17 251	17 251	17 251	16 935	10 861	8 582
Transfers and grants	2 190	2 691	2 309	2 810	2 573	2 573	2 573	2 362	3 752	3 607
Other expenditure	17 414	18 230	37 402	37 174	39 119	39 119	39 119	43 549	48 483	51 914
Loss on disposal of PPE	322	–	358	–	–	–	–	–	–	–
Total Expenditure	86 590	103 025	136 913	143 252	151 846	151 846	151 846	181 821	183 178	186 328

The budgeted allocation for employee related costs for the 2015/16 financial year totals R60,8 million, which equals 33.4 per cent of the total operating expenditure. The three year collective SALGBC agreement has come to an end. Salary increases have been factored into this budget at a percentage increase of 4.4 per cent for the 2015/16 financial year. An annual increase of 6.9 has been included in the two outer years of the MTREF. In addition expenditure against overtime was significantly reduced to within 2.8 per cent of the total salary bill.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). As the new upper limits for the 2014/15 financial year have not yet been gazette, an increase of 5% has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 83 per cent and the Debt Write-off Policy of the Municipality. For the 2015/16 financial year this amount equates to R4.9 million and decrease to negative R2.7 million by 2017/18. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation, amortisation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R47.8 million for the 2015/16 financial and equates to 4.3 per cent of the total operating expenditure. Provision for the rehabilitation of the landfill site has been adjusted upwards by 4.8 per cent (inflation rate) since there have been no changes since the last valuation.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.3 per cent (R513 thousand) of operating expenditure and decrease to R75 thousand by 2017/18. The Municipality has not yet reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing – rather it decreases to 0.03 per cent of total operating expenditure by 2017/18.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increase of 14.24 per cent over the 2015/16 MTREF has been factored into the budget appropriations and directly informs the revenue provisions. The expenditure includes distribution losses.

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2015/16 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2014/15 financial year, this group of expenditure totals R17.3 million and has decreased to R16.9 million in 2015/16. A portion of this expenditure relates to Expanded Public Works Programme (EPWP) one-year projects which address a call by National Government to all municipalities to create jobs in response to the National Development Plan (NDP). As part of the process of identifying further cost efficiencies, the significant portion of the refuse removal is undertaken by the municipality. Further details relating to contracted services can be seen in Table 56 MBRR SA1 (see page 98).

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 11.3 per cent for 2015/16 and curbed at 11.3 and 7 per cent for the two outer years respectively. Further details relating to other expenditure can be seen in Table 56 MBRR SA1 (see page 98).

The following table gives a breakdown of the main expenditure categories for the 2015/16 financial year.

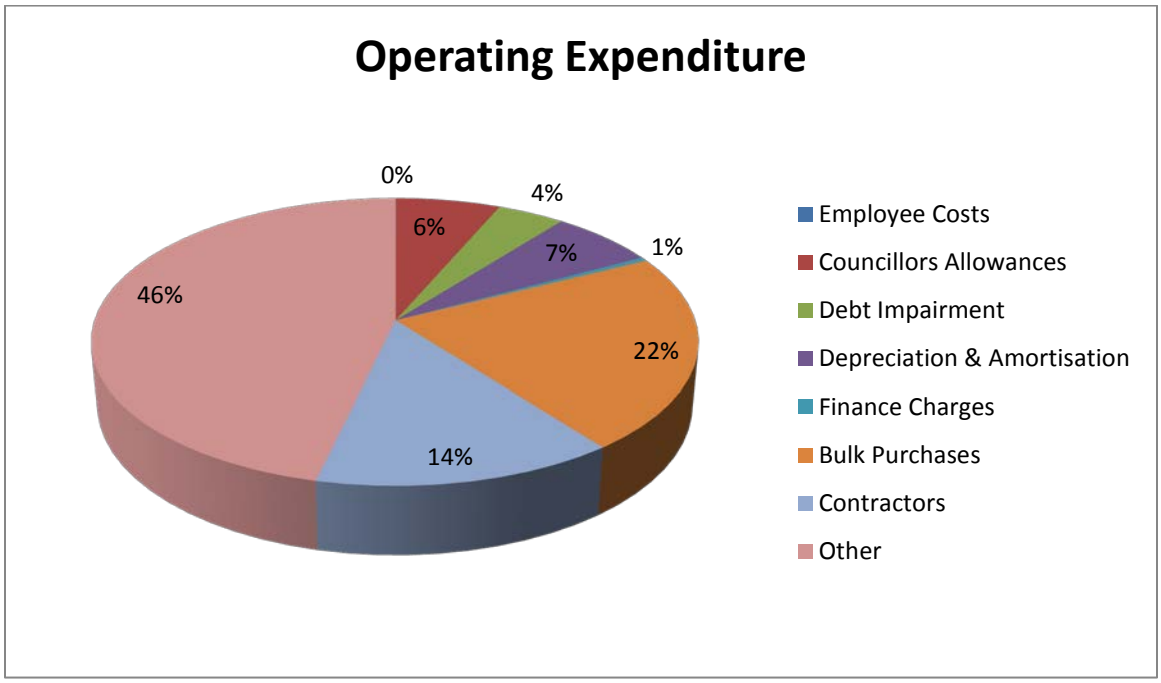


Figure 1 Main operational expenditure categories for the 2015/16 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance as informed by the repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 10 Operational repairs and maintenance

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Repairs and Maintenance by Expenditure Item										
Employee related costs	2 157	2 443	3 118	2 968	2 969	2 969	2 969	7 475	5 143	5 498
Other materials	1 198	5 491	7 554	8 978	9 588	9 588	9 588	10 362	10 973	13 559
Contracted Services	1 397	448	455	594	594	594	594	512	542	573
Other Expenditure	–	–	–	–	–	–	–	–	–	–
Total Repairs and Maintenance Expenditure	4 751	8 382	11 127	12 540	13 150	13 150	13 150	18 349	16 659	19 630

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure. During the 2014/15 Adjustments Budget this allocation was adjusted upwards from R10,6 million to R12,5 million. The repairs and maintenance budget has been increased to R19,4 million in 2016/17 and slightly decreased to R18 million by 2017/18. Notwithstanding this reduction, as part of the 2015/16 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2015/16 excluding salaries and wages equates to 4.9 per cent in relation to the operating expenditure budget and increases to 8.5 per cent on 2016/17 and decreases slightly to 7.5 per cent in in 2017/18.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 11 Repairs and maintenance per asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Repairs and Maintenance by Asset Class									
Infrastructure - Road transport	2 221	6 303	6 300	8 075	8 075	8 075	11 362	9 260	9 801
Infrastructure - Electricity	1 394	1 069	1 252	2 107	2 718	2 718	2 794	2 959	5 120
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Infrastructure - Other	–	–	–	–	–	–	–	–	–
Infrastructure	*3 615*	*7 372*	*7 552*	*10 182*	*10 793*	*10 793*	*14 156*	*12 219*	*14 922*
Community	–	–	–	–	–	–	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	1 137	1 010	3 576	2 358	2 358	2 358	4 192	4 440	4 708
TOTAL EXPENDITURE OTHER ITEMS	4 751	8 382	11 127	12 540	13 150	13 150	18 349	16 659	19 630

For the 2015/16 financial year, R14,2 million of total repairs and maintenance will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totaling, R11,4 million, followed by distribution network infrastructure at R2,8 million.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 2,453 or more indigent households during the 2015/16 MTREF. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 23 MBRR A10 (Basic Service Delivery Measurement) on page 42.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 12 2015/16 Medium-term capital budget per vote

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Governance and Administration		–	–	–	–	–	–	–	–	–	–
Vote 2 - Financial Services		–	–	–	–	–	–	–	–	–	–
Vote 3 - Corporate Services		–	–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		–	–	–	–	–	–	–	–	–	–
Vote 5 - Sports and Recreation		–	–	–	–	525	525	525	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–	–
Vote 7 - Planning and Development		14 798	14 277	29 664	26 789	36 365	36 365	36 365	26 459	27 396	28 801
Vote 8 - Roads Transport		–	–	–	–	–	–	–	–	–	–
Vote 9 - Environmental Protection		–	–	–	–	–	–	–	–	–	–
Vote 10 - Other		–	–	–	–	–	–	–	–	–	–
Vote 11 - Housing		–	–	–	–	–	–	–	–	–	–
Vote 12 - Electricity Services		9 816	3 133	8 345	12 000	12 000	12 000	12 000	12 000	12 600	15 000
Vote 13 - Water Services		–	–	–	–	–	–	–	–	–	–
Vote 14 - Waste Water Management		–	–	–	–	–	–	–	–	–	–
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	24 613	17 410	38 010	38 789	48 890	48 890	48 890	38 459	39 996	43 801
Single-year expenditure *to be appropriated*	2										
Vote 1 - Governance and Administration		–	91	–	840	70	70	70	–	–	–
Vote 2 - Financial Services		–	80	226	25	266	266	266	–	–	–
Vote 3 - Corporate Services		2 045	130	4 187	8 060	683	683	683	3 061	1 232	–
Vote 4 - Community and Social Services		–	94	–	81	115	115	115	140	–	–
Vote 5 - Sports and Recreation		–	–	–	1 776	82	82	82	–	–	–
Vote 6 - Public Safety		–	155	–	700	820	820	820	–	–	–
Vote 7 - Planning and Development		2 087	1 271	148	765	82	82	82	275	–	–
Vote 8 - Roads Transport		–	–	–	2 700	1 500	1 500	1 500	2 000	–	–
Vote 9 - Environmental Protection		–	–	–	–	–	–	–	–	–	–
Vote 10 - Other		3 941	–	–	–	–	–	–	–	–	–
Vote 11 - Housing		–	–	–	–	–	–	–	–	–	–
Vote 12 - Electricity Services		5 390	–	–	2 600	–	–	–	1 500	–	–
Vote 13 - Water Services		–	–	–	–	–	–	–	–	–	–
Vote 14 - Waste Water Management		–	–	–	–	–	–	–	–	–	–
Vote 15 - Waste Management		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		13 463	1 822	4 560	17 547	3 618	3 618	3 618	6 976	1 232	–
Total Capital Expenditure - Vote		38 076	19 232	42 570	56 336	52 508	52 508	52 508	45 435	41 228	43 801

For 2015/16 an amount of R38,459 million has been appropriated for the development of infrastructure which represents 84,6 per cent of the total capital budget. In the outer years this amount totals R39,9 million, or 96.8 per cent and R43,8 million, or 100 per cent respectively for each of the financial years.

Total new assets in 2015/16 represent 94,3 per cent or R42,8 million of the total capital budget while asset renewal equates to 5,7 per cent or R2.6 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 22 MBRR A9 (Asset Management) on page 40. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 87; 88 and 89). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

Capital Expenditure Allocations	Ward	Budget Year 2015/16	Source of Funds
		R	
Tarring of Roads – Ncotshane	2 + 10	4 000 000	MIG
Tarring of Roads – Clinic & Education		4 000 000	MIG
Access Road	1	4 500 000	MIG
Access Road	4	4 500 000	MIG
Access Road Renewal	14	1 171 200	MIG
Community Hall	11	1 700 000	MIG
Community Hall	14	1 700 000	MIG
Creche	3	600 000	MIG
Creche	9	600 000	MIG
Creche	10	600 000	MIG
Creche	13	600 000	MIG
Sportsfield	8	829 400	MIG
Sportsfield	9	829 000	MIG
Sportsfield	12	829 000	MIG
Electrification Programme:			
- Dwarsrand; Kwafuduka & KwaBanakile		12 000 000	DOE
Machinery, furniture and equipment		6 976 000	Loans & own funds
TOTAL		**45 435 000**	

Furthermore pages 87 to 88 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

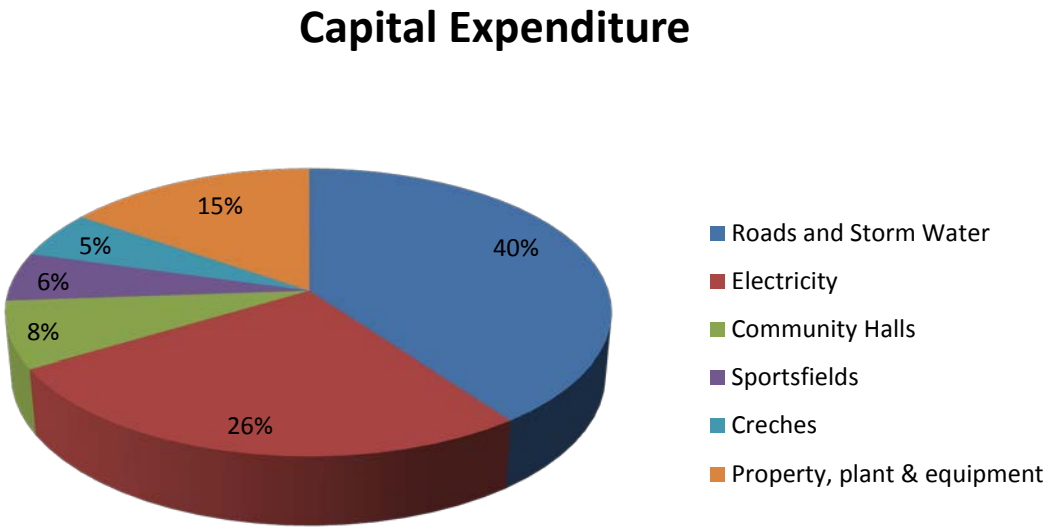


Figure 2 Capital Infrastructure Programme

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table MBRR SA35 on page 91. This table shows that future operational costs associated with the capital programme totals R16,8 million in 2015/16 and escalates R18,7 million by 2017/18.

1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes.

Table 13 MBRR Table A1 - Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Financial Performance										
Property rates	10 952	14 051	17 822	23 064	23 064	23 064	23 064	24 732	26 191	27 657
Service charges	23 234	28 785	32 509	33 313	34 239	34 239	34 239	37 975	40 216	42 468
Investment revenue	1 069	1 043	1 605	1 762	1 762	1 762	1 762	1 846	1 955	2 065
Transfers recognised - operational	57 611	66 486	71 407	82 855	82 749	82 749	82 749	106 754	103 682	102 380
Other own revenue	6 997	8 753	8 560	9 589	10 032	10 032	10 032	10 514	11 134	11 758
Total Revenue (excluding capital transfers and contributions)	99 863	119 118	131 904	150 584	151 846	151 846	151 846	181 821	183 178	186 328
Employee costs	27 832	33 774	36 700	45 665	45 665	45 665	45 665	60 765	58 878	62 908
Remuneration of councillors	5 842	5 997	6 909	7 393	7 393	7 393	7 393	7 762	8 150	8 558
Depreciation & asset impairment	2 974	4 372	4 631	4 536	4 536	4 536	4 536	7 833	8 855	9 942
Finance charges	749	765	782	970	970	970	970	513	271	76
Materials and bulk purchases	19 460	25 503	27 973	32 277	32 887	32 887	32 887	37 123	39 313	43 486
Transfers and grants	2 190	2 691	2 309	2 810	2 573	2 573	2 573	2 362	3 752	3 607
Other expenditure	27 542	29 924	57 609	49 602	57 823	57 823	57 823	65 463	63 959	57 752
Total Expenditure	86 590	103 025	136 913	143 252	151 846	151 846	151 846	181 821	183 178	186 328
Surplus/(Deficit)	13 273	16 093	(5 009)	7 332	–	–	–	–	–	–
Transfers recognised - capital	24 613	18 616	38 010	38 789	48 890	48 890	48 890	38 459	39 996	43 801
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	37 886	34 709	33 000	46 121	48 890	48 890	48 890	38 459	39 996	43 801
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	37 886	34 709	33 000	46 121	48 890	48 890	48 890	38 459	39 996	43 801
Capital expenditure & funds sources										
Capital expenditure	38 076	19 232	42 570	56 336	52 508	52 508	52 508	45 435	41 228	43 801
Transfers recognised - capital	24 613	18 616	38 010	38 789	48 890	48 890	48 890	38 459	39 996	43 801
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	4 154	–	4 118	10 215	2 050	2 050	2 050	4 000	–	–
Internally generated funds	9 309	616	443	7 332	1 568	1 568	1 568	2 976	1 232	–
Total sources of capital funds	38 076	19 232	42 570	56 336	52 508	52 508	52 508	45 435	41 228	43 801
Financial position										
Total current assets	42 771	59 436	65 843	45 619	89 014	89 014	89 014	93 873	91 864	93 954
Total non current assets	199 032	212 644	247 585	326 834	322 850	322 850	322 850	360 452	392 824	426 684
Total current liabilities	30 675	31 216	40 499	26 839	46 211	46 211	46 211	56 909	47 224	38 025
Total non current liabilities	12 916	8 579	10 297	21 352	7 545	7 545	7 545	7 445	6 529	6 806
Community wealth/Equity	198 211	232 285	262 632	324 262	358 107	358 107	358 107	389 970	430 936	475 807
Cash flows										
Net cash from (used) operating	40 226	29 945	29 948	51 288	60 104	70 403	70 403	48 499	45 950	52 900
Net cash from (used) investing	(35 125)	(19 104)	(41 784)	(56 336)	(52 508)	(52 508)	(52 508)	(45 435)	(41 228)	(43 801)
Net cash from (used) financing	(4 334)	(3 614)	2 037	7 568	(1 680)	(1 680)	(1 680)	745	(3 255)	(1 524)
Cash/cash equivalents at the year end	16 175	23 402	13 603	12 146	19 519	29 818	29 818	33 627	35 094	42 669
Cash backing/surplus reconciliation										
Cash and investments available	16 175	23 402	13 603	12 146	29 818	29 818	29 818	33 627	35 094	42 669
Application of cash and investments	23 261	13 871	29 340	19 913	26 734	26 734	26 734	40 123	31 180	25 841
Balance - surplus (shortfall)	(7 085)	9 531	(15 737)	(7 768)	3 084	3 084	3 084	(6 496)	3 914	16 828
Asset management										
Asset register summary (WDV)	198 344	212 567	88 489	326 834	84 147	322 849	360 452	360 452	392 824	426 684
Depreciation & asset impairment	2 974	4 372	4 631	4 536	4 536	4 536	7 833	7 833	8 855	9 942
Renewal of Existing Assets	–	–	–	8 245	7 924	7 924	7 924	–	–	–
Repairs and Maintenance	4 751	8 382	11 127	12 540	13 150	13 150	18 349	18 349	16 659	19 630
Free services										
Cost of Free Basic Services provided	1 568	2 691	4 030	4 030	4 030	4 030	4 030	4 030	4 030	4 030
Revenue cost of free services provided	–	2 691	5 011	5 011	5 011	5 011	125 482	125 482	134 259	141 944
Households below minimum service level										
Water:	11	12	12	12	12	12	12	12	12	12
Sanitation/sewerage:	12	14	14	14	14	14	14	14	14	14
Energy:	13	12	13	13	13	13	13	13	13	13
Refuse:	22	24	26	26	26	26	26	26	26	26

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

    a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
    b. Capital expenditure is balanced by capital funding sources, of which
        i. Transfers recognised is reflected on the Financial Performance Budget;
        ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
        iii. Internally generated funds are financed from a combination of the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2016/17, when a small surplus is reflected.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2017/18 the electricity and roads backlog will have been very nearly eliminated.

Table 14 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard										
Governance and administration		81 870	60 589	67 831	65 672	76 283	76 283	87 192	89 722	90 805
Executive and council		11 079	9 777	15 430	16 758	20 420	20 420	20 768	21 042	20 792
Budget and treasury office		70 393	39 730	39 323	40 101	44 462	44 462	51 482	53 496	54 983
Corporate services		398	11 082	13 077	8 814	11 401	11 401	14 941	15 184	15 030
Community and public safety		4 445	12 893	16 807	14 352	16 724	16 724	20 933	21 325	21 196
Community and social services		3 732	4 545	4 725	6 939	6 933	6 933	9 071	9 256	9 226
Sport and recreation		54	1 503	5 780	2 262	3 402	3 402	3 627	3 677	3 625
Public safety		660	6 845	5 872	5 151	6 388	6 388	8 235	8 392	8 345
Housing		–	–	431	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		14 669	29 981	41 572	44 294	57 359	57 359	57 401	54 346	55 568
Planning and development		12 339	22 407	34 859	35 320	47 044	47 044	44 099	40 792	42 091
Road transport		2 330	7 256	6 713	8 974	10 315	10 315	13 303	13 555	13 477
Environmental protection		–	318	–	–	–	–	–	–	–
Trading services		23 234	33 724	43 233	63 775	48 831	48 831	52 692	55 693	60 506
Electricity		18 309	27 728	36 176	53 587	38 974	38 974	42 362	44 753	48 953
Water		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		4 925	5 996	7 057	10 188	9 857	9 857	10 330	10 940	11 552
Other	4	258	547	470	1 279	1 540	1 540	2 063	2 089	2 055
Total Revenue - Standard	2	124 476	137 734	169 914	189 373	200 736	200 736	220 280	223 174	230 129
Expenditure - Standard										
Governance and administration		39 030	48 708	61 374	59 332	64 806	64 806	68 592	71 993	76 658
Executive and council		12 880	15 373	18 392	22 307	22 488	22 488	17 480	18 474	19 525
Budget and treasury office		10 817	18 912	26 869	22 293	22 947	22 947	27 478	29 271	31 422
Corporate services		15 333	14 423	16 112	14 732	19 371	19 371	23 634	24 248	25 711
Community and public safety		14 683	13 919	17 339	20 367	23 373	23 373	35 463	32 728	31 880
Community and social services		4 367	4 405	5 522	8 362	8 362	8 362	16 720	14 880	15 804
Sport and recreation		1 518	2 182	3 568	3 993	6 874	6 874	8 232	6 718	4 220
Public safety		8 786	7 333	8 249	8 011	8 137	8 137	10 510	11 130	11 856
Housing		13	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		12 014	15 588	22 077	26 134	26 431	26 431	32 768	34 880	37 731
Planning and development		6 567	6 857	10 946	13 164	13 164	13 164	15 526	19 393	21 316
Road transport		5 447	8 457	11 131	12 970	13 267	13 267	17 242	15 487	16 416
Environmental protection		–	274	–	–	–	–	–	–	–
Trading services		20 178	24 220	35 178	35 084	34 902	34 902	42 554	40 989	37 322
Electricity		16 708	20 313	24 755	29 166	28 983	28 983	32 408	35 571	39 210
Water		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		3 470	3 907	10 423	5 919	5 919	5 919	10 146	5 418	(1 888)
Other	4	684	590	945	2 335	2 335	2 335	2 443	2 588	2 737
Total Expenditure - Standard	3	86 590	103 025	136 913	143 252	151 846	151 846	181 821	183 178	186 328
Surplus/(Deficit) for the year		37 886	34 709	33 000	46 121	48 890	48 890	38 459	39 996	43 801

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity function. The electricity revenue amounting to R30.4 million allocated to this service and the capital revenue recognised totalling R12 million is R42,4 million compared to the operating costs which amount to R32,4 million. In 2014/15 financial year the municipality lost 3,3 million units of electricity which approximated R2.1 million. As already noted above, the municipality has undertaken a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure. It is pleasing to note that in 2014/154, the electricity loss has substantially shows a decreasing trend as a result of replacing faulty meters and re-training of meter readers. Consequently, the electricity loss has been materially reduced in 2013/14 and in the 2014/15 MTREF as shown on Table SA8 on page 58.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

Table 15 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote	1									
Vote 1 - Governance and Administration		11 079	9 777	15 430	16 758	20 420	20 420	20 768	21 042	20 792
Vote 2 - Financial Services		70 393	39 730	39 323	40 101	44 462	44 462	51 482	53 496	54 983
Vote 3 - Corporate Services		398	11 082	13 077	8 814	11 401	11 401	14 941	15 184	15 030
Vote 4 - Community and Social Services		3 732	4 545	4 725	6 939	6 933	6 933	9 071	9 256	9 226
Vote 5 - Sports and Recreation		54	1 503	5 780	2 262	3 402	3 402	3 627	3 677	3 625
Vote 6 - Public Safety		660	6 845	5 872	5 151	6 388	6 388	8 235	8 392	8 345
Vote 7 - Planning and Development		12 339	22 221	34 859	35 320	47 044	47 044	44 099	40 792	42 091
Vote 8 - Roads Transport		2 330	6 244	6 713	8 974	10 315	10 315	13 303	13 555	13 477
Vote 9 - Environmental Protection		–	318	–	–	–	–	–	–	–
Vote 10 - Other		258	1 744	470	1 279	1 540	1 540	2 063	2 089	2 055
Vote 11 - Housing		–	–	431	–	–	–	–	–	–
Vote 12 - Electricity Services		18 309	27 728	36 176	53 587	38 974	38 974	42 362	44 753	48 953
Vote 13 - Water Services		–	–	–	–	–	–	–	–	–
Vote 14 - Waste Water Management		–	–	–	–	–	–	–	–	–
Vote 15 - Waste Management		4 925	5 996	7 057	10 188	9 857	9 857	10 330	10 940	11 552
Total Revenue by Vote	2	124 476	137 734	169 914	189 373	200 736	200 736	220 280	223 174	230 129
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Governance and Administration		12 880	15 373	18 392	22 307	22 488	22 488	17 480	18 474	19 525
Vote 2 - Financial Services		10 817	18 912	26 869	22 293	22 947	22 947	27 478	29 271	31 422
Vote 3 - Corporate Services		15 333	14 423	16 112	14 732	19 371	19 371	23 634	24 248	25 711
Vote 4 - Community and Social Services		4 367	4 405	5 522	8 362	8 362	8 362	16 720	14 880	15 804
Vote 5 - Sports and Recreation		1 518	2 182	3 568	3 993	6 874	6 874	8 232	6 718	4 220
Vote 6 - Public Safety		8 786	7 333	8 249	8 011	8 137	8 137	10 510	11 130	11 856
Vote 7 - Planning and Development		6 567	6 038	10 946	13 164	13 164	13 164	15 526	19 393	21 316
Vote 8 - Roads Transport		5 447	8 457	11 131	12 970	13 267	13 267	17 242	15 487	16 416
Vote 9 - Environmental Protection		–	274	–	–	–	–	–	–	–
Vote 10 - Other		684	1 409	945	2 335	2 335	2 335	2 443	2 588	2 737
Vote 11 - Housing		13	–	–	–	–	–	–	–	–
Vote 12 - Electricity Services		16 708	20 313	24 755	29 166	28 983	28 983	32 408	35 571	39 210
Vote 13 - Water Services		–	–	–	–	–	–	–	–	–
Vote 14 - Waste Water Management		–	–	–	–	–	–	–	–	–
Vote 15 - Waste Management		3 470	3 907	10 423	5 919	5 919	5 919	10 146	5 418	(1 888)
Total Expenditure by Vote	2	86 590	103 025	136 913	143 252	151 846	151 846	181 821	183 178	186 328
Surplus/(Deficit) for the year	2	37 886	34 709	33 000	46 121	48 890	48 890	38 459	39 996	43 801

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 16 Surplus/(Deficit) calculations for the trading services

Standard Classification Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Trading services									
Electricity Revenue	18 309	23 366	26 260	26 529	26 529	26 529	30 362	32 153	33 953
Operating Expenditure	(16 708)	(20 313)	(24 755)	(29 166)	(28 983)	(28 983)	(32 408)	(35 571)	(39 210)
Surplus/(Deficit) for year	1 601	3 054	1 505	(2 637)	(2 454)	(2 454)	(2 047)	(3 418)	(5 257)
Waste management Revenue	4 925	5 996	7 057	10 188	9 857	9 857	10 330	10 940	11 552
Operating Expenditure	(3 470)	(3 907)	(10 423)	(5 919)	(5 919)	(5 919)	(10 146)	(5 418)	(1 888)
Surplus/(Deficit) for year	1 455	2 089	(3 366)	4 269	3 938	3 938	184	5 522	9 664

2. The electricity trading deficit is increasing over the 2015/16 MTREF from R2 million in 2015/16 to R5,3 million by 2017/18. The deficit is mainly attributable to the increase in the cost of bulk purchases (sanctioned by NERSA, namely 14.24 per cent) exceeds the CPI. The expected revenue from electricity was increased by 12.2 per cent. The municipality has over the past years implemented the national electricity programme in the municipal area where it does not collect revenue. Further the electricity infrastructure in town is old and requires continued maintenance.

3. The solid waste management surplus fluctuates over the MTREF.

Table 17 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source										
Property rates	14 051	17 822	23 064	23 064	23 064	23 064	23 064	24 732	26 191	27 657
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	23 366	26 260	26 529	26 529	26 529	26 529	26 529	29 895	31 659	33 432
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	5 419	6 249	6 785	7 710	7 710	7 710	7 710	8 080	8 557	9 036
Service charges - other	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	394	578	616	1 390	1 390	1 390	1 390	1 456	1 542	1 628
Interest earned - external investments	1 069	1 043	1 605	1 762	1 762	1 762	1 762	1 846	1 955	2 065
Interest earned - outstanding debtors	2 797	3 282	4 055	3 826	4 885	4 885	4 885	5 120	5 422	5 726
Dividends received	–	–	–	–	–	–	–	–	–	–
Fines	–	692	378	398	398	398	398	417	441	466
Licences and permits	2 330	2 143	1 669	2 436	1 775	1 775	1 775	1 860	1 969	2 080
Agency services	610	706	845	722	722	722	722	756	801	846
Transfers recognised - operational	57 611	66 486	71 407	82 855	82 749	82 749	82 749	106 754	103 682	102 380
Other revenue	1 251	998	819	864	864	864	864	905	959	1 012
Gains on disposal of PPE	17	101	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	108 915	126 360	137 771	151 554	151 846	151 846	151 846	181 821	183 178	186 328
Expenditure By Type										
Employee related costs	33 774	36 700	45 665	45 665	45 665	45 665	45 665	60 765	58 878	62 908
Remuneration of councillors	5 842	5 997	6 909	7 393	7 393	7 393	7 393	7 762	8 150	8 558
Debt impairment	3 569	2 537	7 337	1 454	1 454	1 454	1 454	4 980	4 615	(2 744)
Depreciation & asset impairment	4 372	4 631	4 536	4 536	4 536	4 536	4 536	7 833	8 855	9 942
Finance charges	749	765	782	970	970	970	970	513	271	76
Bulk purchases	19 039	20 419	23 299	23 299	23 299	23 299	23 299	26 761	28 340	29 927
Other materials	3 844	6 464	7 554	8 978	9 588	9 588	9 588	10 362	10 973	13 559
Contracted services	9 157	12 512	10 974	17 251	17 251	17 251	17 251	16 935	10 861	8 582
Transfers and grants	2 691	2 309	2 810	2 573	2 573	2 573	2 573	2 362	3 752	3 607
Other expenditure	18 230	37 402	37 174	39 119	39 119	39 119	39 119	43 549	48 483	51 914
Loss on disposal of PPE	322	–	358	–	–	–	–	–	–	–
Total Expenditure	101 589	129 735	147 398	151 236	151 846	151 846	151 846	181 821	183 178	186 328
Surplus/(Deficit)	7 326	(3 375)	(9 626)	318	–	–	–	–	–	–
Transfers recognised - capital	24 613	18 616	38 010	38 789	48 890	48 890	48 890	38 459	39 996	43 801
Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–			
Surplus/(Deficit) after capital transfers & contributions	31 939	15 241	28 383	39 107	48 890	48 890	48 890	38 459	39 996	43 801
Taxation	–	–	–	–						
Surplus/(Deficit) after taxation	31 939	15 241	28 383	39 107	48 890	48 890	48 890	38 459	39 996	43 801
Attributable to minorities	–	–	–	–						
Surplus/(Deficit) attributable to municipality	31 939	15 241	28 383	39 107	48 890	48 890	48 890	38 459	39 996	43 801
Share of surplus/ (deficit) of associate	–	–	–	–						
Surplus/(Deficit) for the year	31 939	15 241	28 383	39 107	48 890	48 890	48 890	38 459	39 996	43 801

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R181,8 million in 2015/16 and escalates to R186,3 million by 2017/18. This represents a year-on-year increase of 21 per cent for the 2015/16 financial year and 22,7 per cent for the 2017/18 financial year.
2. Revenue to be generated from property rates is R24,7 million in the 2015/16 financial year and increases to R27,7 million by 2016/17 and represents 13,6 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. The tariff increases have been factored in at 5,6 per cent for 2015/16 and 5.9 per cent for 2016/17 and 5.5 per cent for 2017/18.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R37,9 million for the 2015/16 financial year and increasing to R42,5 million by 2016/17. For the 2015/16 financial year services charges amount to 20,9 per cent of the total revenue and slightly increases to 22,8 per cent by 2017/18.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The transfers recognised decrease from 58,7 per cent in 2015/16 to 54,9 per cent in 2017/18.
5. The appropriation for employee salaries and wages for 2015/16 is R60,8 million compared to R45,7 in 2014/15, an increase of 33 per cent due to budgeting for critical vacancies as well as the annual salary adjustment of 4.4%. The Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015 has come to an end and negotiations are still under way. For the remainder of the 2015/16 MTREF the salary increases have been factored in the budget at 6.9%. The percentage of salaries and wages is 33,4 per cent (2014/15: 30 per cent) of the total operating budget.

6. The remuneration of Councillors has been increased by 5 per cent to R7,762 million in 2015/16 from R7,393 million in 2014/15. The approved 2014/15 Upper Limits for Councillors have not yet been gazetted. The budgeted allowances for 2017/18 are R8,558 million.

7. The budget for bulk purchases of electricity has been increased provisionally by 14.8 per cent to R26,8 million as per National Treasury Directive in Circular 75. The municipality has submitted a tariff application to NERSA (D-Forms) for 2015/16. The approved tariff determination will be incorporated in the final 2015/16 budget and MTREF's for consideration by the Council. The bulk electricity appropriation increases to R29,9 million by 2017/18.

8. The contracted services have decreased from R17,3 million in 2014/15 to R16,9 million in 2015/16 and are 9.3 percent of the total operating expenditure. The norm is 5 per cent.

9. The other expenses budget amounts R43,5 million in 2015/16 and increase to R51,9 million by 2017/18. This represents a cumulative year-on-year increase of 19,3 per cent by 2017/18. These expenses are for day to day operations of the Council. The increase is informed by the need to improve delivery of basic services to the poor households and job creation.

Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure - Vote										
Multi-year expenditure *to be appropriated*										
Vote 1 - Governance and Administration	–	–	–	–	–	–	–	–	–	–
Vote 2 - Financial Services	–	–	–	–	–	–	–	–	–	–
Vote 3 - Corporate Services	–	–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services	–	–	–	–	–	–	–	–	–	–
Vote 5 - Sports and Recreation	–	–	–	525	525	525	–	–	–	–
Vote 6 - Public Safety	–	–	–	–	–	–	–	–	–	–
Vote 7 - Planning and Development	–	–	–	–	–	–	–	–	–	–
Vote 8 - Roads Transport	–	–	–	–	–	–	–	–	–	–
Vote 9 - Environmental Protection	–	–	–	–	–	–	–	–	–	–
Vote 10 - Other	–	–	–	–	–	–	–	–	–	–
Vote 11 - Housing	–	–	–	–	–	–	–	–	–	–
Vote 12 - Electricity Services	3 133	8 345	12 000	12 000	12 000	12 000	12 000	12 600	15 000	–
Vote 13 - Water Services	–	–	–	–	–	–	–	–	–	–
Vote 14 - Waste Water Management	–	–	–	–	–	–	–	–	–	–
Vote 15 - Waste Management	–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	3 133	8 345	12 000	12 525	12 525	12 525	12 000	12 600	15 000	–
Single-year expenditure to be appropriated										
Vote 1 - Governance and Administration	–	–	–	–	–	–	–	–	–	–
Vote 2 - Financial Services	–	–	–	–	–	–	–	–	–	–
Vote 3 - Corporate Services	–	–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services	–	–	11	6	6	6	–	–	–	–
Vote 5 - Sports and Recreation	–	–	1 000	–	–	–	–	–	–	–
Vote 6 - Public Safety	149	–	–	120	120	120	–	–	–	–
Vote 7 - Planning and Development	–	–	–	–	–	–	–	–	–	–
Vote 8 - Roads Transport	–	–	2 700	1 500	1 500	1 500	2 000	–	–	–
Vote 9 - Environmental Protection	–	–	–	–	–	–	–	–	–	–
Vote 10 - Other	–	–	–	–	–	–	–	–	–	–
Vote 11 - Housing	–	–	–	–	–	–	–	–	–	–
Vote 12 - Electricity Services	–	–	2 600	–	–	–	–	–	–	–
Vote 13 - Water Services	–	–	–	–	–	–	–	–	–	–
Vote 14 - Waste Water Management	–	–	–	–	–	–	–	–	–	–
Vote 15 - Waste Management	–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	149	–	6 311	1 626	1 626	1 626	2 000	–	–	–
Total Capital Expenditure - Vote	3 283	8 345	18 311	14 151	14 151	14 151	14 000	12 600	15 000	–
Funded by:										
National Government	24 613	18 616	27 378	38 789	38 789	38 789	38 789	38 459	39 996	43 801
Provincial Government	–	–	10 632	–	10 101	10 101	10 101	–	–	–
District Municipality	–	–	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	24 613	18 616	38 010	38 789	48 890	48 890	48 890	38 459	39 996	43 801
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	4 154	–	4 118	10 215	2 050	2 050	2 050	4 000	–	–
Internally generated funds	9 309	616	443	7 332	1 568	1 568	1 568	2 976	1 232	–
Total Capital Funding	38 076	19 232	42 570	56 336	52 508	52 508	52 508	45 435	41 228	43 801

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2015/16 R38 million has been allocated of the total R43,4 million capital budget, which totals 84,6 per cent. This allocation decreases to R41,2 million in 2016/17 and then increase to R43,8 million in 2017/18 owing primarily to the fact that various projects reach completion in 2017/18 hence the spike in expenditure in year three.

3. Single-year capital expenditure has been appropriated at R6,9 million for the 2015/16 financial year and decreases significantly to R1,2 in 2016/17 and no expenditure planned for 2017/18.

4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

5. The capital programme is funded from national conditional grants and transfers, borrowings and internally generated funds from current year surpluses. For 2015/16, capital transfers totals R38 million (84,6 per cent) and decrease to R1,2 million by 2016/17 (3 per cent). Borrowings have been provided at R4 million for 2015/16 only with internally generated funding totaling R2,9 million.

Table 19 MBRR Table A6 - Budgeted Financial Position

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS										
Current assets										
Cash	7 772	529	2 184	4	4	4	4	5	5	5
Call investment deposits	8 403	22 873	11 419	12 142	29 814	29 814	29 814	33 622	35 089	42 664
Consumer debtors	25 019	34 174	43 316	32 351	58 212	58 212	58 212	59 412	56 086	50 751
Other debtors	1 443	1 722	8 697	984	984	984	984	834	684	534
Current portion of long-term receivables	–	–		–	–	–	–	–	–	–
Inventory	133	138	228	138	–	–	–	–	–	–
Total current assets	42 771	59 436	65 843	45 619	89 014	89 014	89 014	93 873	91 864	93 954
Non current assets										
Long-term receivables	688	–	–	–	–	–	–	–	–	–
Investments	–	–	–	–	–	–	–	–	–	–
Investment property	88 095	88 095	88 408	88 095	88 408	88 408	88 408	88 408	88 408	88 408
Investment in Associate	–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	110 045	124 400	159 025	238 625	234 313	234 313	234 313	271 938	304 333	338 205
Agricultural	–	–	–	–	–	–	–	–	–	–
Biological	–	–	–	–	–	–	–	–	–	–
Intangible	127	72	81	36	58	58	58	35	13	–
Other non-current assets	78	78	71	78	71	71	71	71	71	71
Total non current assets	199 032	212 644	247 585	326 834	322 850	322 850	322 850	360 452	392 824	426 684
TOTAL ASSETS	241 802	272 080	313 428	372 453	411 863	411 863	411 863	454 324	484 688	520 638
LIABILITIES										
Current liabilities										
Bank overdraft	–	–	–	–	–	–	–	–	–	–
Borrowing	2 464	2 647	3 281	3 722	1 523	1 523	1 523	3 254	1 523	–
Consumer deposits	–	1 181	453	1 181	453	453	453	453	453	453
Trade and other payables	28 211	27 388	29 848	21 935	44 235	44 235	44 235	43 702	45 248	37 573
Provisions			6 917	–	–	–	–	–	–	–
Total current liabilities	30 675	31 216	40 499	26 839	46 211	46 211	46 211	47 409	47 224	38 025
Non current liabilities										
Borrowing	5 006	2 117	3 495	14 890	1 523	1 523	1 523	1 177	–	–
Provisions	7 910	6 462	6 802	6 462	6 022	6 022	6 022	6 268	6 529	6 806
Total non current liabilities	12 916	8 579	10 297	21 352	7 545	7 545	7 545	7 445	6 529	6 806
TOTAL LIABILITIES	43 591	39 795	50 796	48 191	53 756	53 756	53 756	54 854	53 753	44 831
NET ASSETS	198 211	232 285	262 632	324 262	358 107	358 107	358 107	399 470	430 936	475 807
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	198 211	232 285	262 632	324 262	358 107	358 107	358 107	399 470	430 936	475 807
Reserves	–	–	–	–	–	–	–	–	–	–
Minorities' interests	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	198 211	232 285	262 632	324 262	358 107	358 107	358 107	399 470	430 936	475 807

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position.

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page 100) providing a detailed analysis of the major components of a number of items, including:

    - Call investments deposits;
    - Consumer debtors;
    - Property, plant and equipment;
    - Trade and other payables;
    - Provisions non-current;
    - Changes in net assets; and
    - Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 20 MBRR Table A7 - Budgeted Cash Flow Statement

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges	10 798	16 801	12 889	18 021	26 757	26 757	26 757	23 513	28 133	29 597
Service charges	22 906	34 418	23 510	32 122	39 721	39 721	39 721	33 372	35 220	37 708
Other revenue	4 179	6 420	3 259	819	5 971	5 971	5 971	4 772	5 070	5 379
Government - operating	57 611	63 318	69 188	82 855	72 450	82 749	82 749	106 754	103 682	102 380
Government - capital	24 613	21 784	33 714	38 789	48 890	48 890	48 890	38 459	39 996	43 801
Interest	3 866	4 325	5 660	5 588	6 647	6 647	6 647	6 966	7 377	7 791
Dividends	–	–	–	–	–	–	–	–	–	–
Payments										
Suppliers and employees	(82 994)	(116 357)	(115 180)	(123 125)	(136 791)	(136 791)	(136 791)	(162 463)	(169 506)	(170 073)
Finance charges	(752)	(765)	(782)	(970)	(970)	(970)	(970)	(513)	(271)	(76)
Transfers and Grants	–	–	(2 309)	(2 810)	(2 573)	(2 573)	(2 573)	(2 362)	(3 752)	(3 607)
NET CASH FROM/(USED) OPERATING ACTIVITIES	40 226	29 945	29 948	51 288	60 104	70 403	70 403	48 499	45 950	52 900
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	1 011	(560)	42	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors	–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables	(688)	688	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–
Payments										
Capital assets	(35 449)	(19 232)	(41 826)	(56 336)	(52 508)	(52 508)	(52 508)	(45 435)	(41 228)	(43 801)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(35 125)	(19 104)	(41 784)	(56 336)	(52 508)	(52 508)	(52 508)	(45 435)	(41 228)	(43 801)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	–	(907)	207	–	–	–	–	–	–	–
Borrowing long term/refinancing	(53)	(1 409)	4 570	10 215	2 050	2 050	2 050	4 000	–	–
Increase (decrease) in consumer deposits	(299)	–	–	–	–	–	–	–	–	–
Payments										
Repayment of borrowing	(3 982)	(1 297)	(2 740)	(2 647)	(3 730)	(3 730)	(3 730)	(3 255)	(3 255)	(1 524)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(4 334)	(3 614)	2 037	7 568	(1 680)	(1 680)	(1 680)	745	(3 255)	(1 524)
NET INCREASE/ (DECREASE) IN CASH HELD	767	7 226	(9 799)	2 520	5 916	16 215	16 215	3 809	1 467	7 575
Cash/cash equivalents at the year begin:	15 409	16 175	23 402	9 626	13 603	13 603	13 603	29 818	33 627	35 094
Cash/cash equivalents at the year end:	16 175	23 402	13 603	12 146	19 519	29 818	29 818	33 627	35 094	42 669

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The Municipality plans to undertake an extensive debt collection drive which will result in an increase of cash receipts from arrear debtors.
4. The 2015/16 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

5. Cash and cash equivalents totals R33,6 million as at the end of the 2015/16 financial year and escalate to R42,7 million by 2017/18.

Table 21 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available										
Cash/cash equivalents at the year end	16 175	23 402	13 603	12 146	29 818	29 818	29 818	33 627	35 094	42 669
Other current investments > 90 days	–	–	–	–	–	–	–	–	–	–
Non current assets - Investments	–	–	–	–	–	–	–	–	–	–
Cash and investments available:	16 175	23 402	13 603	12 146	29 818	29 818	29 818	33 627	35 094	42 669
Application of cash and investments										
Unspent conditional transfers	5 445	6 043	6 863	–	–	–	–	–	–	–
Unspent borrowing	–	–	–	–	–	–		–	–	–
Statutory requirements	–	–	2 345	5 666	2 345	2 345	2 345	4 445	3 400	2 405
Other working capital requirements	11 411	3 967	9 257	7 164	18 367	18 367	18 367	19 910	21 251	16 630
Other provisions	6 404	3 862	10 875	7 084	6 022	6 022	6 022	6 268	6 529	6 806
Long term investments committed	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–	–	–	–			
Total Application of cash and investments:	23 261	13 871	29 340	19 913	26 734	26 734	26 734	30 623	31 180	25 841
Surplus(shortfall)	(7 085)	9 531	(15 737)	(7 768)	3 084	3 084	3 084	3 004	3 914	16 828

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

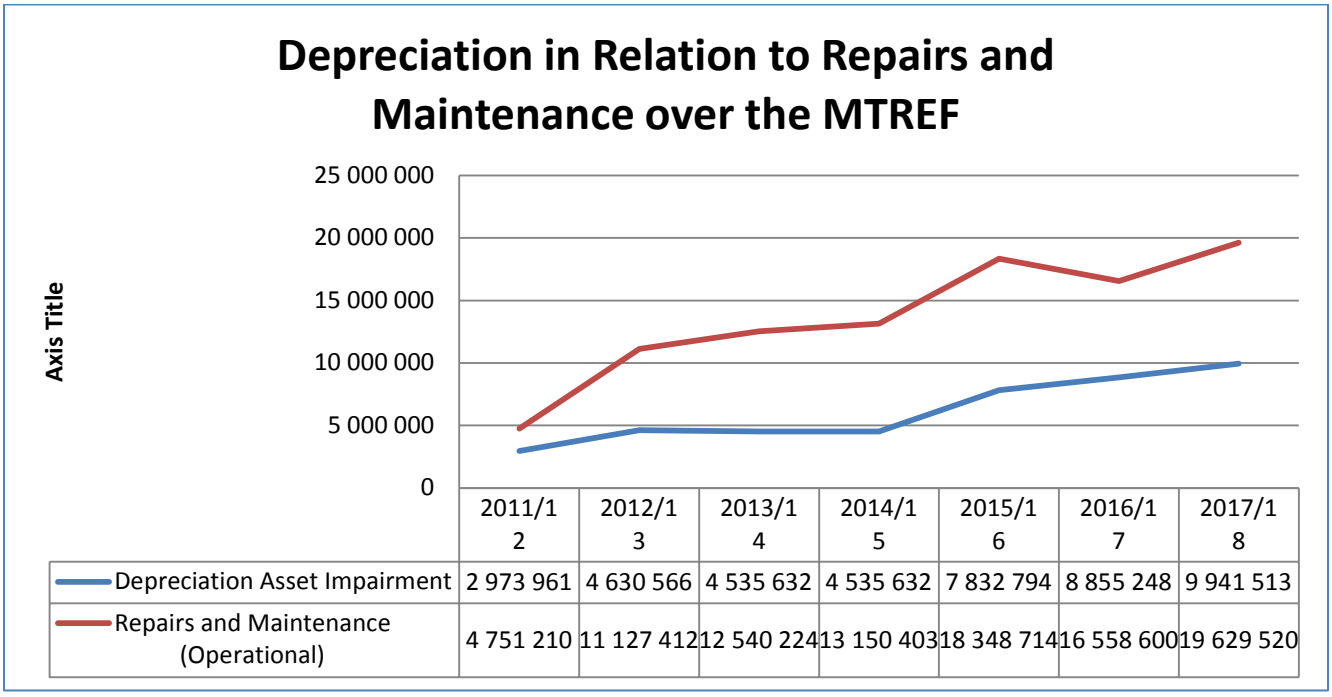
1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2015/16 the surplus deteriorated to an expected R3, million. From 2015/16 the surplus increased to R3,9 million in 2016/17 and improves to R16,8 million by 2017/18.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2015/16 MTREF is funded in spite of the reduction in the surplus.

Table 22 MBRR Table A9 - Asset Management

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CAPITAL EXPENDITURE									
Total New Assets	38 076	19 232	42 570	48 091	44 584	44 584	45 435	41 228	43 801
Infrastructure - Road transport	16 885	14 277	19 177	10 018	10 018	10 018	18 171	17 400	18 116
Infrastructure - Electricity	15 206	3 133	10 399	12 000	12 000	12 000	13 500	12 600	15 000
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Infrastructure - Other	–	–	–	–	2 298	2 298	–	–	–
Infrastructure	*32 091*	*17 410*	*29 576*	*22 018*	*24 316*	*24 316*	*31 671*	*30 000*	*33 116*
Community	–	–	1 559	10 311	16 329	16 329	8 288	9 996	10 685
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	5 986	1 822	11 435	15 762	3 939	3 939	5 476	1 232	–
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	–	–	–	8 245	7 924	7 924	–	–	–
Infrastructure - Road transport	–	–	–	7 500	7 500	7 500	–	–	–
Infrastructure - Electricity	–	–	–	–	–	–	–	–	–
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Infrastructure - Other	–	–	–	–	–	–	–	–	–
Infrastructure	–	–	–	*7 500*	*7 500*	*7 500*	–	–	–
Community	–	–	–	–	–	–	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	745	424	424	–	–	–
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–
Total Capital Expenditure									
Infrastructure - Road transport	16 885	14 277	19 177	17 518	17 518	17 518	18 171	17 400	18 116
Infrastructure - Electricity	15 206	3 133	10 399	12 000	12 000	12 000	13 500	12 600	15 000
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Infrastructure - Other	–	–	–	–	2 298	2 298	–	–	–
Infrastructure	*32 091*	*17 410*	*29 576*	*29 518*	*31 816*	*31 816*	*31 671*	*30 000*	*33 116*
Community	–	–	1 559	10 311	16 329	16 329	8 288	9 996	10 685
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	5 986	1 822	11 435	16 507	4 363	4 363	5 476	1 232	–
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	38 076	19 232	42 570	56 336	52 508	52 508	45 435	41 228	43 801
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	77 713	72 933		85 439	85 230	85 230	65 300	81 665	61 059
Infrastructure - Electricity	2 799	19 356		32 751	32 751	32 751	29 844	28 991	28 141
Infrastructure - Water	–	–		–	–	–	–	–	–
Infrastructure - Sanitation	–	–		–	–	–	–	–	–
Infrastructure - Other	–	–		–	–	–	–	–	–
Infrastructure	*80 512*	*92 288*	–	*118 190*	*117 981*	*117 981*	*95 145*	*110 656*	*89 200*
Community	–	–		–	–	–	–	–	–
Heritage assets	78	78		78	78	78	71	71	71
Investment properties	88 095	88 095	88 408	88 095	88 408	88 408	88 408	88 408	88 408
Other assets	29 532	32 034		120 436	116 332	116 332	176 793	193 677	249 005
Agricultural Assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Intangibles	127	72	81	36	58	58	35	13	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	198 344	212 567	88 489	326 834	322 856	322 856	360 452	392 824	426 684
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	4 372	4 631	4 536	4 536	4 536	4 536	7 833	8 855	9 942
Repairs and Maintenance by Asset Class	8 382	11 127	12 540	13 150	13 150	18 349	18 349	16 659	19 630
Infrastructure - Road transport	6 303	6 300	8 075	8 075	8 075	11 362	11 362	9 260	9 801
Infrastructure - Electricity	1 069	1 252	2 107	2 718	2 718	2 794	2 794	2 959	5 120
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Infrastructure - Other	–	–	–	–	–	–	–	–	–
Infrastructure	*7 372*	*7 552*	*10 182*	*10 793*	*10 793*	*14 156*	*14 156*	*12 219*	*14 922*
Community	–	–	–	–	–	–	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	1 010	3 576	2 358	2 358	2 358	4 192	4 192	4 440	4 708
TOTAL EXPENDITURE OTHER ITEMS	12 754	15 758	17 076	17 686	17 686	22 884	26 182	25 514	29 571
Renewal of Existing Assets as % of total capex	*0.0%*	*0.0%*	*0.0%*	*14.6%*	*15.1%*	*15.1%*	*0.0%*	*0.0%*	*0.0%*
Renewal of Existing Assets as % of deprecn"	*0.0%*	*0.0%*	*0.0%*	*181.8%*	*174.7%*	*174.7%*	*0.0%*	*0.0%*	*0.0%*
R&M as a % of PPE	*6.7%*	*7.0%*	*5.3%*	*5.6%*	*5.6%*	*7.8%*	*6.7%*	*5.5%*	*5.8%*
Renewal and R&M as a % of PPE	*4.0%*	*5.0%*	*14.0%*	*7.0%*	*7.0%*	*8.0%*	*5.0%*	*4.0%*	*5.0%*

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations due to the following:
   - The municipality has cash resources challenges.
   - There is a huge backlog of roads and electricity infrastructure that the municipality has prioritised for 2015/16 MTREF which requires a significant portion of available cash resources.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.



	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Depreciation Asset Impairment	2 973 961	4 630 566	4 535 632	4 535 632	7 832 794	8 855 248	9 941 513
Repairs and Maintenance (Operational)	4 751 210	11 127 412	12 540 224	13 150 403	18 348 714	16 558 600	19 629 520

Figure 3 Depreciation in relation to repairs and maintenance over the MTREF

Table 23 MBRR Table A10 - Basic Service Delivery Measurement

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets									
Water:									
Piped water inside dwelling	1 632	1 726	1 830	1 830	1 830	1 830	1 830	1 830	1 830
Piped water inside yard (but not in dwelling)	9 533	10 070	10 674	10 674	10 674	10 674	10 674	10 674	10 674
Using public tap (at least min.service level)	1 780	2 014	2 135	2 135	2 135	2 135	2 135	2 135	2 135
Other water supply (at least min.service level)	3 356	3 452	3 660	3 660	3 660	3 660	3 660	3 660	3 660
Minimum Service Level and Above sub-total	16 301	17 262	18 299	18 299	18 299	18 299	18 299	18 299	18 299
Using public tap (< min.service level)	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	10 652	11 509	12 198	12 198	12 198	12 198	12 198	12 198	12 198
No water supply	1	1	1	1	1	1	1	1	1
Below Minimum Service Level sub-total	10 653	11 510	12 199	12 199	12 199	12 199	12 199	12 199	12 199
Total number of households	26 954	28 772	30 498	30 498	30 498	30 498	30 498	30 498	30 498
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	2 452	2 589	2 745	2 745	2 745	2 745	2 745	2 745	2 745
Flush toilet (with septic tank)	790	863	915	915	915	915	915	915	915
Chemical toilet	1 552	1 726	1 830	1 830	1 830	1 830	1 830	1 830	1 830
Pit toilet (ventilated)	2 940	3 165	3 355	3 355	3 355	3 355	3 355	3 355	3 355
Other toilet provisions (> min.service level)	6 721	6 906	7 319	7 319	7 319	7 319	7 319	7 319	7 319
Minimum Service Level and Above sub-total	14 455	15 249	16 164	16 164	16 164	16 164	16 164	16 164	16 164
Bucket toilet	174	288	305	305	305	305	305	305	305
Other toilet provisions (< min.service level)	–	–	–	–	–	–	–	–	–
No toilet provisions	12 325	13 235	14 029	14 029	14 029	14 029	14 029	14 029	14 029
Below Minimum Service Level sub-total	12 499	13 523	14 334	14 334	14 334	14 334	14 334	14 334	14 334
Total number of households	26 954	28 772	30 498	30 498	30 498	30 498	30 498	30 498	30 498
Energy:									
Electricity (at least min.service level)	14 124	16 700	17 702	17 702	17 702	17 702	17 702	17 702	17 702
Electricity - prepaid (min.service level)	–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total	14 124	16 700	17 702	17 702	17 702	17 702	17 702	17 702	17 702
Electricity (< min.service level)	–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–	–
Other energy sources	12 830	12 072	12 796	12 796	12 796	12 796	12 796	12 796	12 796
Below Minimum Service Level sub-total	12 830	12 072	12 796	12 796	12 796	12 796	12 796	12 796	12 796
Total number of households	26 954	28 772	30 498	30 498	30 498	30 498	30 498	30 498	30 498
Refuse:									
Removed at least once a week	4 493	4 547	4 574	4 574	4 574	4 574	4 574	4 574	4 574
Minimum Service Level and Above sub-total	4 493	4 547	4 574	4 574	4 574	4 574	4 574	4 574	4 574
Removed less frequently than once a week	697	700	915	915	915	915	915	915	915
Using communal refuse dump	197	199	305	305	305	305	305	305	305
Using own refuse dump	16 552	16 850	18 604	18 604	18 604	18 604	18 604	18 604	18 604
Other rubbish disposal	221	221	248	248	248	248	248	248	248
No rubbish disposal	4 794	6 255	5 852	5 852	5 852	5 852	5 852	5 852	5 852
Below Minimum Service Level sub-total	22 461	24 225	25 924	25 924	25 924	25 924	25 924	25 924	25 924
Total number of households	26 954	28 772	30 498	30 498	30 498	30 498	30 498	30 498	30 498
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	–	–	–	–	–	–	–	–	–
Sanitation (free minimum level service)	–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month	3 310	2 314	2 453	2 453	2 453	2 453	2 453	2 575	2 704
Refuse (removed at least once a week)	1 200	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	–	–	–	–	–	–	–	–	–
Sanitation (free sanitation service)	–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month	232	2 691	2 810	2 810	2 810	2 810	2 810	2 975	3 142
Refuse (removed once a week)	1 336	–	1 220	1 220	1 220	1 220	1 220	1 220	1 220
Total cost of FBS provided (minimum social package	1 568	2 691	4 030	4 030	4 030	4 030	4 030	4 195	4 362
Highest level of free service provided									
Property rates (R value threshold)	60	60	60	60	60	60	60 000	60	60
Water (kilolitres per household per month)	–	–	–	–	–	–	–	–	–
Sanitation (kilolitres per household per month)	–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)	–	–	–	–	–	–	–	–	–
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	–	–	589	589	589	589	30 780	32 627	34 584
Property rates (other exemptions, reductions and rebates)	–	–	–	–	–	–	92 340	97 880	103 753
Water	–	–	–	–	–	–	–	–	–
Sanitation	–	–	–	–	–	–	–	–	–
Electricity/other energy	–	2 691	2 549	2 549	2 549	2 549	2 362	3 752	3 607
Refuse	–	–	1 873	1 873	1 873	1 873	–	–	–
Municipal Housing - rental rebates	–	–	–	–	–	–	–	–	–
Housing - top structure subsidies	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total revenue cost of free services provided (total social package)	–	2 691	5 011	5 011	5 011	5 011	125 482	134 259	141 944

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
    a. Electricity services – backlog will be reduced significantly in 2015/16. As indicated elsewhere, the emphasis in the electricity sector is on providing electricity infrastructure to the uPhongolo households. Once the most pressing electricity backlog has been addressed, the electricity distribution network will be prioritised. It is pleasing to note that out of 14 wards in uPhongolo area only 1 ward is still to be electrified. The contractors are on site and the project will be completed in 2015/16 and thereafter the issue of infills will have to be addressed.
    b. Refuse services – This function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs. In 2014/15 the municipality acquired its own refuse removal truck to improve service delivery.
3. The budget provides for 2,453 households to be registered as indigent in 2015/16, and therefore entitled to receiving Free Basic Services. The number is set to increase to 2,704 households given the unfavourable economic conditions.
4. It is anticipated that these Free Basic Services will cost the municipality R4 million in 2015/16, increasing to R4,4 million in 2017/18. This is fully covered by the municipality's equitable share allocation from national government.
5. Currently, the 'free services' represent about 1,3 per cent of total operating expenditure in 2015/16.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Municipal Manager.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP/Budget Process Plan on 28 August 2014. Key dates applicable to the process were:

- **August 2014** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013/14 MTREF;
- **December 2014** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

- **January 2015** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2015** - Council considers the 2014/15 Mid-year Review and Adjustments Budget;
- **February 2015 –** Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **February 2015** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2015/16 MTREF is revised accordingly;
- **March 20**15 - Tabling in Council of the draft 2015/16 IDP and 2015/16 MTREF for public consultation;
- **March 2015 –** Public consultation;
- **May 2015** - Closing date for written comments;
- **May 2015 –** Finalisation of the 2015/16 IDP and 2015/16 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **May 2015** - Tabling of the 2015/16 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the second review of the IDP as adopted by Council in May 2013. It started in September 2014 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2015/16 MTREF in August 2014.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the first revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;

- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2015/16 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2015/16 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015/16 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2014/15 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 74 and 75 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2015/16 MTREF as tabled before Council on 30 March 2015 for community consultation will be published on the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2015/16 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

2.2 Overview of alignment of annual budget with IDP

A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

The IDP developed by the municipality aims at building a foundation for economic growth which is supported by the implementation of the National Development Plan (NDP). This is evidenced by a significant budget allocated to the development of the infrastructure as well Local Economic Development (LED). The municipality has a clear understanding of both national and provincial intent which will enable the municipality to strategically comply with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The National Development Plan identified a number of microeconomic reforms needed to boost economic growth and include amongst others:

- reducing cost of living for poor households;

- reducing cost of doing business;
- support for small, medium and micro enterprises (SMMEs), business start-ups, a greener and more sustainable economy; and
- support for local production, employment through government procurement and broadening and strengthening industrial development.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2015/16 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 24 IDP Strategic Objectives

Develop and implement credible third generation IDP; Promote quality service delivery through inclusive perfomance management system; employ and develop highly effective workforce representative of municipality demographic profile. Create a balance between employee productivity, welfare and capacity building.
Ensure provision of basic Municipal services in a sustainable manner; make all communities accessible through the provision and maintenance of access roads and storm water drains, control waste management including water contamination; provide safe and adequate habitable housing that is closer to amenities,create conducive environment for sports and recreational activities.
Create a conducive environment for investing and SMME and Co-operatives growth; increase the number of visitors to uPhongolo; Create temporary and permanent jobs; increase agricultural productivity.
apply good finacial management in municipal finance dealings; Increase revenue collection and generation yearly; control and account for expenditure; enforce a fair and legislatively compliance SCM Policy and budget and report on financial transactions and assets according to legislation.
Promote good governance, accountability and transparancy; placing the primary focus on addressing the needs of the communities; report regularly on municipal dealings.
Promote the environment conserbvation and management to ensure adverse environmental impacts are prevented and mitigated; Mitigate the HIV epidemic and promote positive living; provide disaster management and emergency services; ensure the needs of special groups are addressed; reduce crime rate, imoplement SPLUMA, uphold the rule of law and safety on pongola roads.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:

- Provide electricity;
- Provide water;
- Provide sanitation;
- Provide waste removal;
- Provide housing;
- Provide roads and storm water; and
- Maintaining the infrastructure of the Municipality.

2. Economic growth and development that leads to sustainable job creation by:
   - Ensuring there is a clear structural plan for the Municipality;
   - Ensuring planning processes function in accordance with set timeframes;
   - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
   - Effective implementation of the Indigent Policy;
   - Working with the provincial department of health to provide primary health care services;
   - Extending waste removal services and ensuring effective city cleansing;
   - Ensuring all waste water treatment works are operating optimally;
   - Working with strategic partners such as SAPS to address crime;
   - Ensuring save working environments by effective enforcement of building and health regulations;
   - Promote viable, sustainable communities through proper zoning; and
   - Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities
   - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
   - Optimising effective community participation in the ward committee system; and

- Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2015/16 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Develop and implement credible third generation IDP; Promote quality service delivery through inclusive perfomance management system; employ and develop highly effective workforce representative of municipality demographic profile. Create a balance between employee productivity, welfare and capacity building.	To increase employee capacity by a minimum of 10% each year.	A	A1; A2; A3; A4; A5	1 567	13 195	15 953	11 128	14 240	14 240	18 746	19 036	18 820
Ensure provision of basic Municipal services in a sustainable manner; make all communities accessible through the provision and maintenance of access roads and storm water drains, control waste management including water contamination; provide safe and adequate habitable housing that is closer to amenities,create conducive environment for sports and recreational activites.	Ensure that every household has access to basic services by 2030	B	B1; B2; B3; B4; B5	37 671	60 492	83 090	104 759	101 887	101 887	104 349	104 219	110 342
Create a conducive environment for investing and SMME and Co-operatives growth; increase the number of visitors to uPhongolo; Create temporary and permanent jobs; increase agricultural productivity.	To boost the Local Economy by 5 points each year.	C	C1; C2; C3; C4	523	3 436	2 185	4 566	5 842	5 842	7 807	7 909	7 787
apply good finacial management in municipal finance dealings; Increase revenue collection and generation yearly; control and account for expenditure; enforce a fair and legislatively compliance SCM Policy and budget and report on financial transactions and assets according to legislation.	To increase own revenue by 5% each year.		D1; D2; D3; D4	70 205	39 730	39 323	40 101	44 462	44 462	51 482	53 496	54 983
Promote good governance, accountability and transparancy; placing the primary focus on addressing the needs of the communities; report regularly on municipal dealings.	Create a people centred democracy that is trasparant and responsive	E	E1; E2; E3	9 910	7 664	12 554	14 443	17 581	17 581	16 963	17 190	17 002
Promote the environment conservbation and management to ensure adverse environmental impacts are prevented and mitigated; Mitigate the HIV epidemic and promote positive living; provide disaster management and emergency services; ensure the needs of special groups are addressed; reduce crime rate, imoplement SPLUMA, uphold the rule of law and safety on pongola roads.	To increase environmental and community safety	F	F1; F2; F3; F4; F5; F6; F7	4 599	13 217	16 807	14 376	16 724	16 724	20 933	21 325	21 196
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	124 476	137 734	169 914	189 373	200 736	200 736	220 280	223 174	230 129

Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Develop and implement credible third generation IDP; Promote quality service delivery through inclusive perfomance management system; employ and develop highly effective workforce representative of municipality demographic profile. Create a balance between employee productivity, welfare and capacity building.	To increase employee capacity by a minimum of 10% each year.	A	A1; A2; A3; A4; A5	35 497	15 603	18 940	19 410	23 684	23 684	27 572	28 451	30 194
Ensure provision of basic Municipal services in a sustainable manner; make all communities accessible through the provision and maintenance of access roads and storm water drains, control waste management including water contamination; provide safe and adequate habitable housing that is closer to amenities,create conducive environment for sports and recreational activities.	Ensure that every household has access to basic services by 2030	B	B1; B2; B3; B4; B5	32 610	37 090	52 620	54 791	54 906	54 906	69 006	66 180	64 101
Create a conducive environment for investing and SMME and Co-operatives growth; increase the number of visitors to uPhongolo; Create temporary and permanent jobs; increase agricultural productivity.	To boost the Local Economy by 5 points each year.	C	C1; C2; C3; C4	1 929	3 034	5 580	8 719	8 762	8 762	8 761	12 277	13 688
apply good finacial management in municipal finance dealings; Increase revenue collection and generation yearly; control and account for expenditure; enforce a fair and legislatively compliance SCM Policy and budget and report on financial transactions and assets according to legislation.	To increase own revenue by 5% each year.		D1; D2; D3; D4	10 817	18 912	26 869	22 293	22 947	22 947	27 478	29 271	31 422
Promote good governance, accountability and transparancy; placing the primary focus on addressing the needs of the communities; report regularly on municipal dealings.	Create a people centred democracy that is trasparant and responsive	E	E1; E2; E3	11 849	14 193	15 564	17 630	18 175	18 175	13 542	14 271	15 042
Promote the environment conserbvation and management to ensure adverse environmental impacts are prevented and mitigated; Mitigate the HIV epidemic and promote positive living; provide disaster management and emergency services; ensure the needs of special groups are addressed; reduce crime rate, imoplement SPLUMA, uphold the rule of law and safety on pongola roads.	To increase environmental and community safety	F	F1; F2; F3; F4; F5; F6; F7	14 700	14 193	17 339	20 410	23 373	23 373	35 463	32 728	31 880
Allocations to other priorities												
Total Expenditure			1	107 403	103 025	136 913	143 252	151 846	151 846	181 821	183 178	186 328

Table 27 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Develop and implement credible third generation IDP; Promote quality service delivery through inclusive performance management system; employ and develop highly effective workforce representative of municipality demographic profile. Create a balance between employee productivity, welfare and capacity building.	To increase employee capacity by a minimum of 10% each year.	A	A1; A2; A3; A4; A5	2 045	130	4 187	9 200	683	683	3 061	1 232	–
Ensure provision of basic Municipal services in a sustainable manner; make all communities accessible through the provision and maintenance of access roads and storm water drains, control waste management including water contamination; provide safe and adequate habitable housing that is closer to amenities,create conducive environment for sports and recreational activities.	Ensure that every household has access to basic services by 2030	B	B1; B2; B3; B4; B5	36 032	17 410	38 157	44 854	49 903	49 903	42 234	39 996	43 801
Create a conducive environment for investing and SMME and Co-operatives growth; increase the number of visitors to uPhongolo; Create temporary and permanent jobs; increase agricultural productivity.	To boost the Local Economy by 5 points each year.	C	C1; C2; C3; C4	–	1 271	–	–	44	44	–	–	–
apply good finacial management in municipal finance dealings; Increase revenue collection and generation yearly; control and account for expenditure; enforce a fair and legislatively compliance SCM Policy and budget and report on financial transactions and assets according to legislation.	To increase own revenue by 5% each year.		D1; D2; D3; D4	–	80	226	25	266	266	–	–	–
Promote good governance, accountability and transparancy; placing the primary focus on addressing the needs of the communities; report regularly on municipal dealings.	Create a people centred democracy that is trasparant and responsive	E	E1; E2; E3	–	91	–	700	70	70	–	–	–
Promote the environment conserbvation and management to ensure adverse environmental impacts are prevented and mitigated; Mitigate the HIV epidemic and promote positive living; provide disaster management and emergency services; ensure the needs of special groups are addressed; reduce crime rate, imoplement SPLUMA, uphold the rule of law and safety on pongola roads.	To increase environmental and community safety	F P	F1; F2; F3; F4; F5; F6; F7	–	250	–	1 557	1 542	1 542	140	–	–
Allocations to other priorities			3									
Total Capital Expenditure			1	38 076	19 232	42 570	56 336	52 508	52 508	45 435	41 228	43 801

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system which is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 28 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Vote 1 - Planning & Development										
Function: Roads										
Sub-function: Eradication of backlogs										
Reduce roads and stormwater backlogs	Kilometers				9.9	9.9	9.9			
Function: Roads										
Sub-function: Road maintenance										
Roads rehabilited	Kilometers	7	7		7.5	7.5	7.5			
Function: Technical Services										
Sub-function: Eradication of backlogs										
New sub-rank for growth	Number	-	-		-	1	1	1		
Sub-function: Eradication of backlogs										
Vote 2 - Community Services										
Sub-function: Eradication of backlogs		-	-							
Construction of community halls	Number				3	3	3	2	2	
Construction of creches	Number				1	1	1	4	2	
Construction of Multi-purpose Sports Centre	Number							-	1	
Construction of sportfields	Number				3	3	3	3	-	
Sub-function: Eradication of backlogs										
Vote 2 - Community Services										
Function: Local Economic Development										
Sub-function: Economic development										
Construction of flea market - phase 2	Number	-	-		-	1	1	-	-	-
Construction of Imbube Cultural Centre	Number	-	-			1	1	-	-	-
Vote 3 - Electricity Services										
Function: Electricity Services										
Sub-function: Electricity Services										
Households provided with electricity	Households	1 215	762		1 610	1 610	1 610			
Construction of electricity infrastructure - Ext 4	Households									
Sub-function: Provide Public Lighting										
Installation of high masts	Number	-	1					-	5	
Sub-function: Excess to alternative energy										
Households provided with free basic electricity						3 500	3 500			
Households provided with alternative energy	-	-	1 059		1 130	1 200	1 200			

The following table sets out the municipalities main performance objectives and benchmarks for the 2015/16 MTREF.

Table 29 MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Borrowing Management											
Credit Rating		0	0	0	0	0	0	0	0	0	0
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.5%	2.0%	2.6%	2.5%	3.1%	3.1%	3.1%	2.1%	1.9%	0.9%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	11.2%	3.9%	5.8%	5.3%	6.8%	6.8%	6.8%	5.0%	4.4%	1.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	-0.4%	-376.3%	104.8%	58.2%	56.7%	56.7%	56.7%	57.3%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0	0	0	0	0	0	0	0	0	0
Liquidity											
Current Ratio	Current assets/current liabilities	1.4	1.9	1.6	1.7	1.9	1.9	1.9	1.6	1.9	2.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.4	1.9	1.6	1.7	1.9	1.9	1.9	1.6	1.9	2.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.5	0.7	0.3	0.5	0.6	0.6	0.6	0.6	0.7	1.1
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	26.2%	32.6%	21.9%	27.3%	39.7%	39.7%	39.7%	32.1%	36.3%	36.1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		27.2%	30.1%	39.4%	22.1%	39.0%	39.0%	39.0%	33.1%	31.0%	27.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		24.6%	34.0%	21.9%	27.3%	39.7%	39.7%	39.7%	32.1%	36.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	26.2%	32.6%	21.9%	27.3%	39.7%	39.7%	39.7%	32.1%	36.3%	36.1%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))	100.0%	95.7%	98.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		114.6%	67.0%	151.7%	134.0%	214.6%	140.5%	140.5%	145.0%	119.2%	82.4%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	1 092	5 614	3 326	410	410	410	410	2 499	1 874	1 562
	Total Cost of Losses (Rand '000)	459	3 818	2 228	320	320	320	320	2 149	1 707	1 497
	% Volume (units purchased and generated less units sold)/units purchased and generated	3.4%	18.5%	11.0%	8.0%	8.0%	8.0%	8.0%	8.0%	6.0%	6.0%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	–	–	–	–	–	–	–	–	–	–
	Total Cost of Losses (Rand '000)	–	–	–	–	–	–	–	–	–	–
	% Volume (units purchased and generated less units sold)/units purchased and generated	–	–	–	–	–	–	–	–	–	–
Employee costs	Employee costs/(Total Revenue - capital revenue)	27.9%	28.4%	27.8%	30.3%	30.1%	30.1%	30.1%	33.4%	32.1%	33.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	34.0%	32.3%	33.0%	35.2%	34.9%	34.9%		37.7%	36.6%	38.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.8%	7.0%	8.4%	8.3%	8.7%	8.7%		10.1%	9.1%	10.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	3.7%	4.3%	4.1%	3.7%	3.6%	3.6%	3.6%	4.6%	5.0%	5.4%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	7.5	6.3	7.3	6.5	6.5	6.5	6.8	7.1	8.5	9.0
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	76.5%	82.7%	102.1%	57.7%	100.9%	100.9%	100.9%	93.9%	83.5%	71.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.0	3.5	1.6	1.4	2.1	3.2	3.2	2.9	3.1	3.8

2.2.1 Performance indicators and benchmarks

2.2.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, uPhongolo Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans.

The following financial performance indicators have formed part of the compilation of the 2015/16 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 0.98 per cent to zero per cent in 2017/18, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *Capital charges to operating expenditure* is a measure of borrowing cost in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily declined from 2.1 per cent in 2015/16 to 0.9 per cent in 2017/18. This decrease can be attributed to the small loans to fund portions of the capital programme in the two outer years of the MTREF. The norm is 6%-8%. Clearly the municipality is operating below the norm which indicates that it has capacity to take on additional financing from borrowing to invest in infrastructure projects.

  Although borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as excessive loans may have adverse financial leverage for the municipality.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 8.8 per cent which substantiates the above mentioned statement that the Municipality has not reached its prudential borrowing limits.

The Municipality has raised a combination of annuity and instalment sale loans in the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in the Municipality's debt service profile, which predicts large debt service costs between 2014 and 2015. Debt service costs are expected to decrease in 2015/16 due to the fact that the annuity loans will be repaid in full in 2014/15 and there are no plans to raise new annuity loans in the 2015/16 MTREF.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

2.2.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of long-term and current liabilities as a percentage of funds and reserves. The debt equity ratio is 25,6 per cent in 2015/16 and escalates to 17,4 per cent by 2017/18.

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. In 2015/16 the gearing ratio is 1,1 per cent and decreases to zero per cent by 2017/18 In both instances the ratios are relatively low and this is primarily due to low borrowings in relation to own funds.

2.2.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2015/16 MTREF the current ratio is 2 in 2015/16; 1.9 in 2015/16 and 2.5 in 2017/18. The norm range is between 1 and 3. The ratio for the 2015/16 MTREF indicates that the municipality will not have difficulties in paying all its current or short term obligations when they fall due. Going forward it will be necessary to improve the liquidity levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2015/16 financial year the ratio is 2 and increases to 2.5 by 2017/18. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be maintained at a minimum of 1.

2.2.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.2.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.2.1.6 Other Indicators

- Employee costs as a percentage of operating expenditure decreases from 33.4 per cent in 2015/16 to 33.8 per cent by 2017/18. Similarly the total remuneration of Councillors also

shows a decreasing trend from 4,7 per cent in 2015/16 to 4.6 per cent by 2017/18. The total remuneration to operating ratio is 37,7 per cent in 2015/16 and decreases to 38,4 per cent in 2017/18. The norm is 25% and 40%. Going forward, this ratio needs to be carefully monitored.

- Repairs and maintenance as percentage of operating revenue is increasing owing directly to cost drivers such as the increasing written down values of assets (WDV). In terms of Treasury Circular 66 the budget for repairs and maintenance should at least be 8 per cent of the WDV. The repairs and maintenance rate is 10.1 per cent in 2015/16 and 10,5 per cent by 2017/18. This rate has been arrived at by excluding the value of land from the written down value of total assets. Note land does not depreciate.

2.2.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2015/16 financial year 2,453 registered indigents have been provided for in the budget with this figured increasing to 2,704 by 2017/18. In terms of the Municipality's indigent policy registered households are entitled to 50 kWh of electricity, and 80% waste removal as well as a 100 per cent rebate on the value of property for property rates purposes.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 42.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1. Review of credit control and debt collection procedures/policies

While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent

registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2015/16 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 83 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.4.2. Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3. Budget Adjustments Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4. Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in July 2006 and was last review in December 2013 to take into account the new regulations. An amended policy was considered by Council in December 2013 and reviewed in March 2015.

2.4.5. Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council on 30 March 2015 in respect of both Operating and Capital Budget Fund Transfers.

2.4.6. Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was approved by Council on 30 March 2015. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

2.4.7. Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Budget Policy;
- Tariff Policy; and
- Indigent Policy.

The policies mentioned above were approved by Council on 30 March 2015.

2.5 Overview of budget assumptions

2.5.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2015/16 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration. Employee related costs comprise 33 per cent of total operating expenditure in the 2015/16 MTREF. The Salary and Wage Collective Agreement SALGBC for the period 01 July 2012 to 30 June 2015 has come to an end. As negotiations are still under way, the employee cost for 2015/16 has been budgeted for at 4.4 per (inflation linked) and for 2016/17 to 2017/18 at expected CPI plus additional 0.25 per cent.

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2015/16 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2015/16 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher that CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (83 per cent) of annual billings. Cash flow is assumed to be 83 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.5 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.6 Salary increases

The collective agreement regarding salaries/wages which came into operation on 1 July 2012 ended on 30 June 2015. Negotiations for future salary increases are still in progress.

2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture;
- Fighting crime and corruption; and
- Economic growth.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its

operational revenue from the provision of goods and services such as electricity and solid waste removal as well as property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the city and economic development;
- Revenue management and enhancement;
- Achievement of at least 83 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

New developments are taking place in uPhongolo. As the levying of property rates is considered a strategic revenue source, a further supplementary valuation process will be undertaken in the 2015/16 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, and refuse removal constitute the biggest component of the revenue basket of the Municipality. With new developments taking place, it is expected that revenue from this services will grow exponentially.

Operational grants and subsidies are a major source of operating revenue. It needs to be noted that in real terms the grants receipts from national and provincial government are growing rapidly over the MTREF by 29,2 and decrease 4,1 per cent for the two outer years.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R1,8 million, R1,9 million and R2 million for the respective three financial years of the 2015/16 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 31 MBRR SA15 – Detail Investment Information

Investment type R thousand	2011/12 Audited Outcome	2012/13 Audited Outcome	2013/14 Audited Outcome	Current Year 2014/15 Original Budget	 Adjusted Budget	 Full Year Forecast	2015/16 Medium Term Revenue & Expenditure Framework Budget Year 2015/16	 Budget Year +1 2016/17	 Budget Year +2 2017/18
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	8 403	22 873	11 419	12 142	29 814	29 814	33 622	35 089	42 664
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Consolidated total:	8 403	22 873	11 419	12 142	29 814	29 814	33 622	35 089	42 664

Table 32 MBRR SA16 – Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Period of Investment Yrs/Months	Type of Investment	Variable or Fixed interest rate	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Parent municipality									
First National Bank	1 Day Call	1 Day Call	6-8%	On Call	29 814	1 846	(171 569)	173 531	33 622
									–
									–
									–
									–
									–
Municipality					29 814	1 846	(171 569)	173 531	33 622

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The 2015/16 MTREF therefore provides for a budgeted surplus of in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2015/16 medium-term capital programme:

Table 33 Sources of capital revenue over the MTREF

Description	2013/14 Medium Term Revenue & Expenditure Framework							
	Adjusted Budget 2014/15	%	Budget Year 2015/16	%	Budget Year 2016/17	%	Budget Year 2017/18	%
Funded by:								
National Government	48 890 000	93.1	38 459 000	84.6	39 996 000	97.0	43 801 000	100.0
Provincial Government	-							
Transfers recognised – capital	**48 890 000**	**93.1**	38 459 000	**84.6**	39 996 000	**97.0**	**43 801 000**	**100.0**
Borrowings	2 050 000	**3.9**	4 000 000	**8.8**	-	**-**	**-**	**-**
Internally generated funds	1 568 191	**3.0**	2 976 000	**6.6**	1 232 000	**3.0**	**-**	**-**
Total Capital Funding	**52 508 191**	**100.0**	**45 435 000**	**100.0**	**41 228 000**	**100.0**	**43 801 000**	**100.0**

The above table is graphically represented as follows for the 2015/16 MTREF.

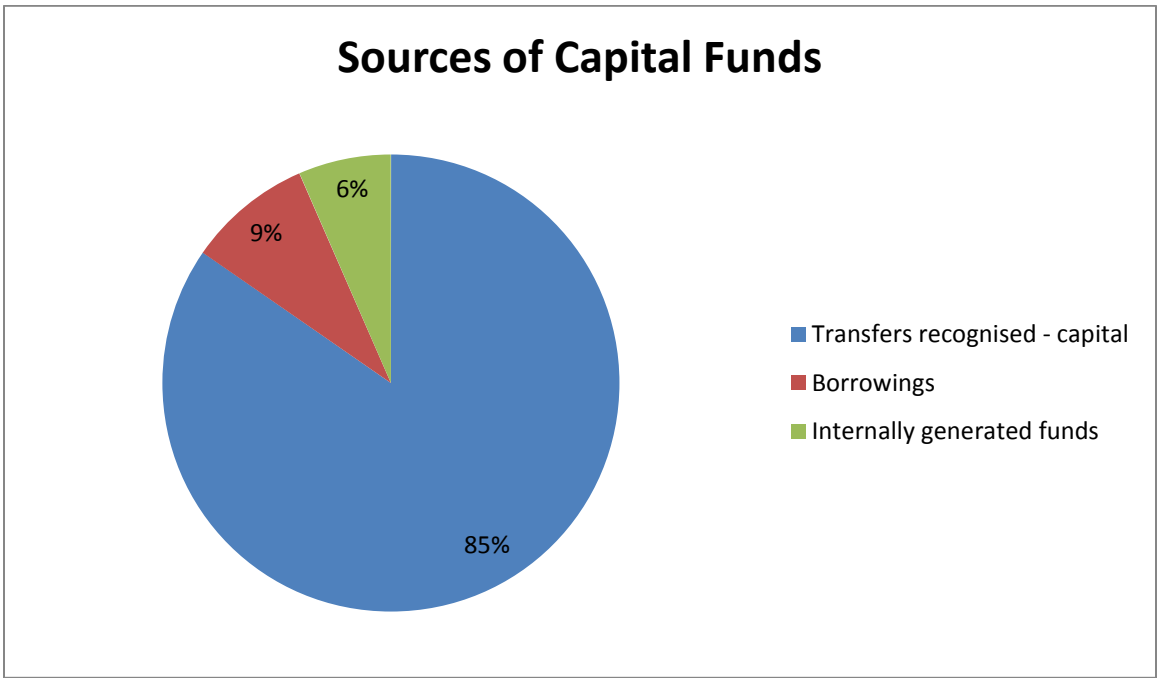


Figure 4 Sources of capital revenue for the 2015/16 financial year

Capital grants and receipts equates to 85 per cent of the total funding source which represents R39,8 million for the 2015/16 financial year.

Borrowing still remains a significant funding source for the capital programme over the medium-term with an estimated R4 million to be raised in 2015/16 or 9 per cent of the total funding sources. As explained earlier, the borrowing capacity of the Municipality has not yet reached its limits and there is still room for additional borrowings. However, further borrowings should be carefully considered against the level of cash resources. At this stage more borrowing than budgeted for should not be considered as this might adversely affect the solvency of the municipality.

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 34 MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorised by type	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Parent municipality									
Long-Term Loans (annuity/reducing balance)	2 430	845	933	4 805	–	–	–	–	–
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit	2 576	1 272	5 843	10 215	2 050	2 050	4 000	–	–
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Total Borrowing	5 006	2 117	6 776	15 020	2 050	2 050	4 000	–	–

Unspent Borrowing - Categorised by type									
Parent municipality									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Total Unspent Borrowing	–	–	–	–	–	–	–	–	–

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally

generated funds consist of R4 million in 2015/16, and no borrowings are anticipated for the remainder of the MTREF.

Table 35 MBRR Table SA 18 - Capital transfers and grants receipts

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital Transfers and Grants									
National Government:	25 793	20 371	29 514	38 789	38 789	38 789	39 852	41 438	45 317
Municipal Infrastructure Grant (MIG)	16 793	20 371	15 514	26 789	26 789	26 789	27 852	28 838	30 317
Integrated Electrification- DME	9 000	–	14 000	12 000	12 000	12 000	12 000	12 600	15 000
Provincial Government:	–	12 225	15 900	–	10 101	10 101	–	–	–
Sports Facility - Ncotshane	–	525	1 200	–	525	525	–	–	–
Streetlighting	–	3 000	3 000	–	–	–	–	–	–
Flea Market	–	2 700	2 700	–	785	785	–	–	–
Umbube Cultural Village	–	3 000	6 000	–	6 493	6 493	–	–	–
Sub-rank	–	3 000	3 000	–	2 298	2 298	–	–	–
	–								
District Municipality:	–	–	–	–	–	–	–	–	–
ZDM Tourism Subsidy									
Other grant providers:	–	–	–	–	–	–	–	–	–
Other grants									
Total Capital Transfers and Grants	25 793	32 596	45 414	38 789	48 890	48 890	39 852	41 438	45 317

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 36 MBRR Table A7 - Budget cash flow statement

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges	10 798	16 801	12 889	18 021	26 757	26 757	26 757	23 513	28 133	29 597
Service charges	22 906	34 418	23 510	32 122	39 721	39 721	39 721	33 372	35 220	37 708
Other revenue	4 179	6 420	3 259	819	5 971	5 971	5 971	4 772	5 070	5 379
Government - operating	57 611	63 318	69 188	82 855	72 450	82 749	82 749	106 754	103 682	102 380
Government - capital	24 613	21 784	33 714	38 789	48 890	48 890	48 890	38 459	39 996	43 801
Interest	3 866	4 325	5 660	5 588	6 647	6 647	6 647	6 966	7 377	7 791
Dividends	–	–	–	–	–	–	–	–	–	–
Payments										
Suppliers and employees	(82 994)	(116 357)	(115 180)	(123 125)	(136 791)	(136 791)	(136 791)	(162 463)	(169 506)	(170 073)
Finance charges	(752)	(765)	(782)	(970)	(970)	(970)	(970)	(513)	(271)	(76)
Transfers and Grants	–	–	(2 309)	(2 810)	(2 573)	(2 573)	(2 573)	(2 362)	(3 752)	(3 607)
NET CASH FROM/(USED) OPERATING ACTIVITIES	40 226	29 945	29 948	51 288	60 104	70 403	70 403	48 499	45 950	52 900
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	1 011	(560)	42	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors	–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables	(688)	688	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–
Payments										
Capital assets	(35 449)	(19 232)	(41 826)	(56 336)	(52 508)	(52 508)	(52 508)	(45 435)	(41 228)	(43 801)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(35 125)	(19 104)	(41 784)	(56 336)	(52 508)	(52 508)	(52 508)	(45 435)	(41 228)	(43 801)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	–	(907)	207	–	–	–	–	–	–	–
Borrowing long term/refinancing	(53)	(1 409)	4 570	10 215	2 050	2 050	2 050	4 000	–	–
Increase (decrease) in consumer deposits	(299)	–	–	–	–	–	–	–	–	–
Payments										
Repayment of borrowing	(3 982)	(1 297)	(2 740)	(2 647)	(3 730)	(3 730)	(3 730)	(3 255)	(3 255)	(1 524)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(4 334)	(3 614)	2 037	7 568	(1 680)	(1 680)	(1 680)	745	(3 255)	(1 524)
NET INCREASE/ (DECREASE) IN CASH HELD	767	7 226	(9 799)	2 520	5 916	16 215	16 215	3 809	1 467	7 575
Cash/cash equivalents at the year begin:	15 409	16 175	23 402	9 626	13 603	13 603	13 603	29 818	33 627	35 094
Cash/cash equivalents at the year end:	16 175	23 402	13 603	12 146	19 519	29 818	29 818	33 627	35 094	42 669

The above table shows that cash and cash equivalents of the Municipality are largely depleted in 2015/16 and increase in 2017/18. The Municipality plans to undertake an extensive debt collection process to boost cash levels and has acquired the services of a reputable debt collecting firm. It is expected the interventions will translate into a positive cash position for the Municipality and it is projected that cash and cash equivalents on hand will increase to R42,7 million by 2017/18.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 37 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available										
Cash/cash equivalents at the year end	16 175	23 402	13 603	12 146	29 818	29 818	29 818	33 627	35 094	42 669
Other current investments > 90 days	–	–	–	–	–	–	–	–	–	–
Non current assets - Investments	–	–	–	–	–	–	–	–	–	–
Cash and investments available:	16 175	23 402	13 603	12 146	29 818	29 818	29 818	33 627	35 094	42 669
Application of cash and investments										
Unspent conditional transfers	5 445	6 043	6 863	–	–	–	–	–	–	–
Unspent borrowing	–	–	–	–	–	–		–	–	–
Statutory requirements	–	–	2 345	5 666	2 345	2 345	2 345	4 445	3 400	2 405
Other working capital requirements	11 411	3 967	9 257	7 164	18 367	18 367	18 367	19 910	21 251	16 630
Other provisions	6 404	3 862	10 875	7 084	6 022	6 022	6 022	6 268	6 529	6 806
Long term investments committed	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–	–	–	–			
Total Application of cash and investments:	23 261	13 871	29 340	19 913	26 734	26 734	26 734	30 623	31 180	25 841
Surplus(shortfall)	(7 085)	9 531	(15 737)	(7 768)	3 084	3 084	3 084	3 004	3 914	16 828

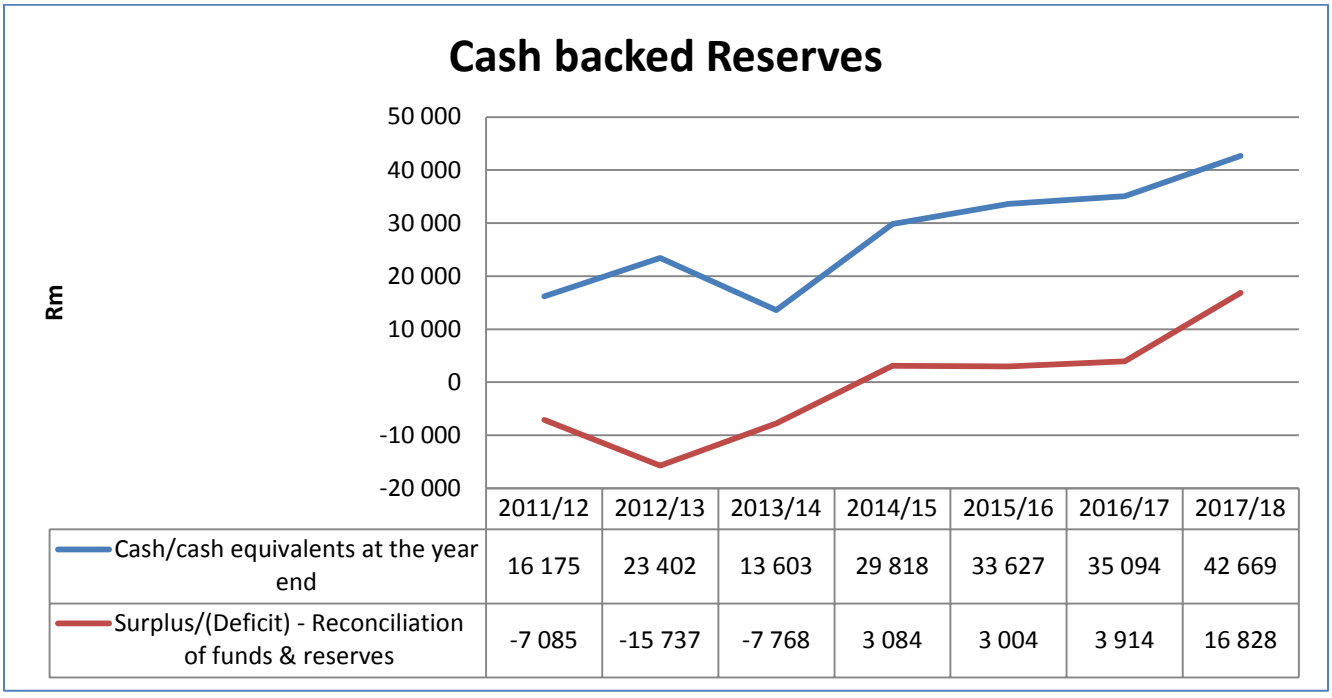
From the above table it can be seen that the cash and investments available total R33,6 million in the 2015/16 financial year and increase to R42,7 million by 2017/18, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. For the 2015/16 MTREF no provision has been made for this liability as the total conditional grants allocated have been factored into the 2015/16 MTREF capital programme of the Municipality.

- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet current obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
- The provision for the landfill site rehabilitation is not cash backed. In future a need for a cash backed reserve will have to be created.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. The level of cash-backing progressively improved over the 2015/16 MTREF. It should be noted that from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible considering the funding requirements of section 18 and 19 of the MFMA. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.



	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Cash/cash equivalents at the year end	16 175	23 402	13 603	29 818	33 627	35 094	42 669
Surplus/(Deficit) - Reconciliation of funds & reserves	-7 085	-15 737	-7 768	3 084	3 004	3 914	16 828

Figure 5 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 38 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	16 175	23 402	13 603	12 146	19 519	29 818	29 818	33 627	35 094	42 669
Cash + investments at the yr end less applications - R'000	18(1)b	2	(7 085)	9 531	(15 737)	(7 768)	3 084	3 084	3 084	(6 496)	3 914	16 828
Cash year end/monthly employee/supplier payments	18(1)b	3	3.0	3.5	1.6	1.4	2.1	3.2	3.2	2.9	3.1	3.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	37 886	34 709	33 000	46 121	48 890	48 890	48 890	38 459	39 996	43 801
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	19.3%	11.5%	6.0%	(4.4%)	(6.0%)	(6.0%)	3.4%	(0.1%)	(0.4%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	26.2%	32.6%	21.9%	27.3%	39.7%	39.7%	39.7%	32.1%	36.3%	36.1%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	10.3%	5.8%	14.4%	2.5%	2.5%	2.5%	2.5%	7.8%	6.8%	(3.8%)
Capital payments % of capital expenditure	18(1)c;19	8	93.1%	100.0%	98.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(0.4%)	(228.9%)	100.2%	58.2%	56.7%	56.7%	56.7%	57.3%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	35.6%	44.9%	(35.9%)	77.6%	0.0%	0.0%	1.8%	(5.8%)	(9.7%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	4.3%	6.7%	7.0%	5.3%	5.6%	5.6%	7.8%	6.7%	5.5%	5.8%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	14.6%	15.1%	15.1%	0.0%	0.0%	0.0%	0.0%

2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2015/16 MTREF shows R33,61 million, R35 million and R42,6 million for each respective financial year.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the

budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio increasing modestly for the period 2014/15 to 2017/18, moving from 2,9 per cent to 3,8 per cent by 2017/18. For the 2015/16 MTREF the ration remains constant at 2,9. As indicated above the Municipality aims to achieve at least 1.5 month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2015/16 MTREF the indicative outcome is a surplus of R38,5 million, R39,9 million and R43,8 thousand respectively.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 3.4 in 2015/16, and then becomes negative at 0.1 and 0.4 per cent for the two outer years of the 2015/16 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 5.6 per cent, with the increase in electricity at 12.2 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a

reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 83 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 7.8 per cent in 2015/16 and 6.8 per cent in 2016/17. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that no timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to meet the commitments in the relevant accounting period.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been be excluded. It can be seen that borrowing equates to 6.5 per cent of own funded capital.

2.6.5.10Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.5.11Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. This measure shows a relatively low trend which is not in line with the Municipality's policy of settling debtors accounts within 30 days.

2.6.5.12Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. The details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 52 MBRR SA34C on page 89.

2.6.5.13Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 51 MBRR SA34b on page 88.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 39 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	55 112	63 086	68 756	81 553	81 553	81 553	104 069	100 878	99 434
Local Government Equitable Share	52 612	59 786	64 393	76 982	76 982	76 982	96 890	98 096	96 501
Finance Management	1 500	1 500	1 650	1 800	1 800	1 800	1 800	1 825	1 900
Municipal Systems Improvement	1 000	800	890	934	934	934	930	957	1 033
EPWP Incentive	–	1 000	1 823	1 837	1 837	1 837	4 449	–	–
0									
Provincial Government:	402	946	1 488	1 202	1 196	1 196	1 292	1 362	1 430
Community Library Services	–	106	19	132	126	126	340	358	377
Provincialisation of Libraries	402	440	886	920	920	920	952	1 004	1 053
Maintenance of Sports Facility	–	–	74	150	150	150	–	–	–
Thusong Centre		400	309	–	–	–	–	–	–
IDP - Public Participation	–	–	200	–	–	–	–	–	–
District Municipality:	50	100	–	100	–	–	–	–	–
ZDM Tourism Subsidy	50	100		100	–	–	–	–	–
Other grant providers:	–	–	–	–	–	–	–	–	–
[insert description]									
Total operating expenditure of Transfers and Grants	55 564	64 132	70 244	82 855	82 749	82 749	105 361	102 240	100 864
Capital expenditure of Transfers and Grants									
National Government:	25 793	20 371	27 053	38 789	38 789	38 789	39 852	41 438	45 317
Municipal Infrastructure Grant (MIG)	16 793	20 371	19 513	26 789	26 789	26 789	27 852	28 838	30 317
Integrated Electrification- DME	9 000	–	7 539	12 000	12 000	12 000	12 000	12 600	15 000
Provincial Government:	–	12 225	12 120	–	10 101	10 101	–	–	–
Sub-Rank Facility	–	3 000	3 702	–	525	525	–	–	–
Cultural Village	–	3 000	1 507	–	–	–	–	–	–
Street lights	–	3 000	2 341	–	785	785	–	–	–
Sports Facility	–	525	1 694	–	6 493	6 493	–	–	–
Flea Market	–	2 700	2 875	–	2 298	2 298	–	–	–
District Municipality:	–	–	–	–	–	–	–	–	–
ZDM Tourism Subsidy	–	–	–						
Other grant providers:	–	–	–	–	–	–	–	–	–
[insert description]									
Total capital expenditure of Transfers and Grants	25 793	32 596	39 173	38 789	48 890	48 890	39 852	41 438	45 317
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	81 357	96 728	109 417	121 644	131 639	131 639	145 213	143 678	146 181

Table 40 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Operating transfers and grants:									
Balance unspent at beginning of the year	–	–	823	–	–	–	–	–	–
Current year receipts	55 112	59 786	67 933	81 553	81 553	81 553	104 069	100 878	99 434
Conditions met - transferred to revenue	55 112	58 963	68 756	81 553	81 553	81 553	104 069	100 878	99 434
Conditions still to be met - transferred to liabilities		823	–	–	–	–	–	–	–
Provincial Government:									
Balance unspent at beginning of the year	–	1 740	1 831	–	–	–	–	–	–
Current year receipts	402	946	1 255	1 202	1 196	1 196	1 292	1 362	1 430
Conditions met - transferred to revenue	402	955	1 488	1 202	1 196	1 196	1 292	1 362	1 430
Conditions still to be met - transferred to liabilities		1 731	1 598	–	–	–			
District Municipality:									
Balance unspent at beginning of the year	–	–	–	100	–	–	–	–	–
Current year receipts	50	100	–	–	–	–	–	–	–
Conditions met - transferred to revenue	50	–	–	100	–	–	–	–	–
Conditions still to be met - transferred to liabilities	–	100	–	–	–	–	–	–	–
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	55 564	59 918	70 244	82 855	82 749	82 749	105 361	102 240	100 864
Total operating transfers and grants - CTBM	–	2 654	1 598	–	–	–	–	–	–
Capital transfers and grants:									
Balance unspent at beginning of the year	–	–	(9 796)	–	–	–	–	–	–
Current year receipts	25 793	20 371	29 514	38 789	38 789	38 789	39 852	41 438	45 317
Conditions met - transferred to revenue	25 793	21 667	27 053	38 789	38 789	38 789	39 852	41 438	45 317
Conditions still to be met - transferred to liabilities	–	(1 296)	(7 335)						
Provincial Government:									
Balance unspent at beginning of the year	–	2 418	13 185	–	–	–	–	–	–
Current year receipts	–	12 225	4 200	–	10 101	10 101	–	–	–
Conditions met - transferred to revenue	–	1 458	12 120	–	10 101	10 101	–	–	–
Conditions still to be met - transferred to liabilities		13 185	5 265						
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts	3 600	–	–						
Conditions met - transferred to revenue	3 600	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities									
Total capital transfers and grants revenue	29 393	23 125	39 173	38 789	48 890	48 890	39 852	41 438	45 317
Total capital transfers and grants - CTBM	–	11 889	(2 070)	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE	84 957	83 043	109 417	121 644	131 639	131 639	145 213	143 678	146 181
TOTAL TRANSFERS AND GRANTS - CTBM	–	14 543	(472)	–	–	–	–	–	–

2.8 Councillor and employee benefits

Table 41 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	4 250	4 255	5 112	5 024	5 024	5 024	5 275	5 539	5 816
Pension and UIF Contributions	–	–	–	–	–	–	–	–	–
Medical Aid Contributions	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	1 293	1 418	1 486	1 675	1 675	1 675	1 758	1 846	1 939
Cellphone Allowance	299	323	310	592	592	592	621	652	685
Housing Allowances	–	–	–	–	–	–	–	–	–
Other benefits and allowances	–	–	–	102	102	102	107	113	118
Sub Total - Councillors	5 842	5 997	6 909	7 393	7 393	7 393	7 762	8 150	8 558
% increase		2.6%	15.2%	7.0%	–	–	5.0%	5.0%	5.0%
Senior Managers of the Municipality									
Basic Salaries and Wages	1 180	2 209	2 806	2 975	2 975	2 975	3 680	3 934	4 205
Pension and UIF Contributions	22	5	2	8	8	8	9	10	10
Medical Aid Contributions	–	–	–	–	–	–	–	–	–
Overtime	–	–	–	–	–	–	–	–	–
Performance Bonus	–	–	–	417	417	417	515	551	589
Motor Vehicle Allowance	345	235	24	780	780	780	–	–	–
Cellphone Allowance	29	17	6	68	68	68	0	0	0
Housing Allowances	–	–	–	–	–	–	–	–	–
Other benefits and allowances	270	147	29	–	–	–	–	–	–
Payments in lieu of leave	130	–	–	–	–	–	–	–	–
Long service awards	–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality	1 976	2 613	2 867	4 248	4 248	4 248	4 205	4 495	4 805
% increase		32.3%	9.7%	48.2%	–	–	(1.0%)	6.9%	6.9%
Other Municipal Staff									
Basic Salaries and Wages	18 512	20 991	23 808	30 739	30 739	30 739	43 204	40 577	43 347
Pension and UIF Contributions	1 879	2 171	2 741	3 688	3 688	3 688	4 943	5 258	5 621
Medical Aid Contributions	986	1 268	1 516	1 552	1 552	1 552	1 521	1 617	1 728
Overtime	2 387	2 178	1 541	1 242	1 242	1 242	1 678	1 385	1 479
Performance Bonus	1 167	1 472	1 997	2 402	2 402	2 402	3 114	3 314	3 540
Motor Vehicle Allowance	826	1 208	1 229	1 442	1 442	1 442	1 701	1 808	1 933
Cellphone Allowance	–	47	53	58	58	58	83	88	94
Housing Allowances	25	30	28	29	29	29	29	31	33
Other benefits and allowances	197	456	890	266	266	266	289	306	327
Payments in lieu of leave	233	–	–	–	–	–	–	–	–
Long service awards	(72)	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	–	–	–	–	–	–	–	–	–
Sub Total - Other Municipal Staff	26 140	29 821	33 802	41 417	41 417	41 417	56 561	54 384	58 103
% increase		14.1%	13.4%	22.5%	–	–	36.6%	(3.8%)	6.8%
Total Parent Municipality	33 958	38 431	43 579	53 058	53 058	53 058	68 528	67 029	71 466
		13.2%	13.4%	21.8%	–	–	29.2%	(2.2%)	6.6%

Table 42 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors						
Speaker	448 382	–	173 929	–	–	622 311
Chief Whip	–	–	–	–	–	–
Executive Mayor	308 263	–	127 222	–	–	435 485
Deputy Executive Mayor	246 610	–	106 672	–	–	353 282
Executive Committee	693 590	–	304 600	–	–	998 190
Total for all other councillors	3 578 653	–	1 774 426	–	–	5 353 079
Total Councillors	5 275 498	–	2 486 849			7 762 347
Senior Managers of the Municipality						
Municipal Manager (MM)	901 128	11 045	–	126 159	–	1 038 332
Chief Finance Officer	761 304	9 621	–	106 583	–	877 508
Corporate Services Manager	672 522	8 717	–	94 153	–	775 392
Technical Services Manager	672 522	8 717	–	94 153	–	775 392
Community Services Manager	672 522	8 717	–	94 153	–	775 392
Performance and Risk Manager	366 632	71 667	76 800	30 553	–	545 652
Chief Internal Auditor	475 903	53 029	76 800	39 659	–	645 391
Total Senior Managers of the Municipality	4 522 533	171 513	153 600	585 413		5 433 059
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	9 798 031	171 513	2 640 449	585 413	–	13 195 406

Table 43 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers	2013/14			Current Year 2014/15			Budget Year 2015/16		
Number	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	27		27	27		27	28		28
Board Members of municipal entities	–	–	–	–	–	–	–	–	–
Municipal employees									
Municipal Manager and Senior Managers	5	5			4		5	5	
Other Managers	4	4							
Professionals	–	–	–	–	–	–	–	–	–
Finance									
Spatial/town planning									
Information Technology									
Roads									
Electricity									
Water									
Sanitation									
Refuse									
Other									
Technicians	*61*	*58*	–	*61*	*59*	–	*69*	*69*	–
Finance	30	27		30	27		35	35	
Spatial/town planning	3	3		3	3		5	5	
Information Technology									
Roads	28	28		28	28		28	28	
Electricity					1		1	1	
Water									
Sanitation									
Refuse									
Other									
Clerks (Clerical and administrative)	25	20		25	23		25	25	
Service and sales workers									
Skilled agricultural and fishery workers									
Craft and related trades									
Plant and Machine Operators	24	21		24	22		24	24	
Elementary Occupations	115	86		115	94		120	101	
TOTAL PERSONNEL NUMBERS	261	194	27	252	202	27	271	224	28
% increase				(3.4%)	4.1%	–	7.5%	10.9%	3.7%
Total municipal employees headcount									
Finance personnel headcount	24	17	7	29	14	14	20	21	23
Human Resources personnel headcount	3	3	3	3	1	1	4	4	4

2.9 Monthly targets for revenue, expenditure and cash flow

Table 45 MBRR SA25 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source															
Property rates	2 061	2 061	2 061	2 061	2 061	2 061	2 061	2 061	2 061	2 061	2 061	2 061	24 732	26 191	27 657
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2 491	2 491	2 491	2 491	2 491	2 491	2 491	2 491	2 491	2 491	2 491	2 492	29 895	31 659	33 432
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	673	673	673	673	673	673	673	673	673	673	673	674	8 080	8 557	9 036
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	91	91	91	91	91	91	91	91	91	91	91	455	1 456	1 542	1 628
Interest earned - external investments	154	154	154	154	154	154	154	154	154	154	154	155	1 846	1 955	2 065
Interest earned - outstanding debtors	427	427	427	427	427	427	427	427	427	427	427	427	5 120	5 422	5 726
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines	35	35	35	35	35	35	35	35	35	35	35	34	417	441	466
Licences and permits	155	155	155	155	155	155	155	155	155	155	155	155	1 860	1 969	2 080
Agency services	63	63	63	63	63	63	63	63	63	63	63	63	756	801	846
Transfers recognised - operational	8 896	8 896	8 896	8 896	8 896	8 896	8 896	8 896	8 896	8 896	8 896	8 898	106 754	103 682	102 380
Other revenue	75	75	75	75	75	75	75	75	75	75	75	76	905	959	1 012
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and cont	15 121	15 121	15 121	15 121	15 121	15 121	15 121	15 121	15 121	15 121	15 121	15 489	181 821	183 178	186 328
Expenditure By Type															
Employee related costs	5 064	5 064	5 064	5 064	5 064	5 064	5 064	5 064	5 064	5 064	5 064	5 064	60 765	58 878	62 908
Remuneration of councillors	647	647	647	647	647	647	647	647	647	647	647	647	7 762	8 150	8 558
Debt impairment	415	415	415	415	415	415	415	415	415	415	415	415	4 980	4 615	(2 744)
Depreciation & asset impairment	653	653	653	653	653	653	653	653	653	653	653	653	7 833	8 855	9 942
Finance charges	43	43	43	43	43	43	43	43	43	43	43	43	513	271	76
Bulk purchases	2 230	2 230	2 230	2 230	2 230	2 230	2 230	2 230	2 230	2 230	2 230	2 230	26 761	28 340	29 927
Other materials	864	864	864	864	864	864	864	864	864	864	864	863	10 362	10 973	13 559
Contracted services	1 411	1 411	1 411	1 411	1 411	1 411	1 411	1 411	1 411	1 411	1 411	1 411	16 935	10 861	8 582
Transfers and grants	197	197	197	197	197	197	197	197	197	197	197	197	2 362	3 752	3 607
Other expenditure	3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 598	3 967	43 549	48 483	51 914
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure	15 121	15 121	15 121	15 121	15 121	15 121	15 121	15 121	15 121	15 121	15 121	15 489	181 821	183 178	186 328
Surplus/(Deficit)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 204	38 459	39 996	43 801
Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contributed assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 204	38 459	39 996	43 801
Taxation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 204	38 459	39 996	43 801

Table 45 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote															
Vote 1 - Governance and Administration	1 731	1 731	1 731	1 731	1 731	1 731	1 731	1 731	1 731	1 731	1 731	1 731	20 768	21 042	20 792
Vote 2 - Financial Services	4 290	4 290	4 290	4 290	4 290	4 290	4 290	4 290	4 290	4 290	4 290	4 290	51 482	53 496	54 983
Vote 3 - Corporate Services	1 245	1 245	1 245	1 245	1 245	1 245	1 245	1 245	1 245	1 245	1 245	1 245	14 941	15 184	15 030
Vote 4 - Community and Social Services	756	756	756	756	756	756	756	756	756	756	756	756	9 071	9 256	9 226
Vote 5 - Sports and Recreation	302	302	302	302	302	302	302	302	302	302	302	302	3 627	3 677	3 625
Vote 6 - Public Safety	686	686	686	686	686	686	686	686	686	686	686	686	8 235	8 392	8 345
Vote 7 - Planning and Development	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	44 099	40 792	42 091
Vote 8 - Roads Transport	1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	13 303	13 555	13 477
Vote 9 - Environmental Protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - Other	172	172	172	172	172	172	172	172	172	172	172	172	2 063	2 089	2 055
Vote 11 - Housing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - Electricity Services	3 530	3 530	3 530	3 530	3 530	3 530	3 530	3 530	3 530	3 530	3 530	3 530	42 362	44 753	48 953
Vote 13 - Water Services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - Waste Water Management	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - Waste Management	861	861	861	861	861	861	861	861	861	861	861	861	10 330	10 940	11 552
Total Revenue by Vote	18 357	18 357	18 357	18 357	18 357	18 357	18 357	18 357	18 357	18 357	18 357	18 357	220 280	223 174	230 129
Expenditure by Vote to be appropriated															
Vote 1 - Governance and Administration	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	17 480	18 474	19 525
Vote 2 - Financial Services	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	27 478	29 271	31 422
Vote 3 - Corporate Services	1 969	1 969	1 969	1 969	1 969	1 969	1 969	1 969	1 969	1 969	1 969	1 969	23 634	24 248	25 711
Vote 4 - Community and Social Services	1 393	1 393	1 393	1 393	1 393	1 393	1 393	1 393	1 393	1 393	1 393	1 393	16 720	14 880	15 804
Vote 5 - Sports and Recreation	686	686	686	686	686	686	686	686	686	686	686	686	8 232	6 718	4 220
Vote 6 - Public Safety	876	876	876	876	876	876	876	876	876	876	876	876	10 510	11 130	11 856
Vote 7 - Planning and Development	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	15 526	19 393	21 316
Vote 8 - Roads Transport	1 437	1 437	1 437	1 437	1 437	1 437	1 437	1 437	1 437	1 437	1 437	1 437	17 242	15 487	16 416
Vote 9 - Environmental Protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - Other	204	204	204	204	204	204	204	204	204	204	204	204	2 443	2 588	2 737
Vote 11 - Housing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - Electricity Services	2 701	2 701	2 701	2 701	2 701	2 701	2 701	2 701	2 701	2 701	2 701	2 701	32 408	35 571	39 210
Vote 13 - Water Services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - Waste Water Management	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - Waste Management	845	845	845	845	845	845	845	845	845	845	845	845	10 146	5 418	(1 888)
Total Expenditure by Vote	15 152	15 152	15 152	15 152	15 152	15 152	15 152	15 152	15 152	15 152	15 152	15 152	181 821	183 178	186 328
Surplus/(Deficit)	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	3 205	38 459	39 996	43 801

Table 46 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard															
Governance and administration	7 266	7 266	7 266	7 266	7 266	7 266	7 266	7 266	7 266	7 266	7 266	7 270	87 192	89 722	90 805
Executive and council	1 731	1 731	1 731	1 731	1 731	1 731	1 731	1 731	1 731	1 731	1 731	1 731	20 768	21 042	20 792
Budget and treasury office	4 290	4 290	4 290	4 290	4 290	4 290	4 290	4 290	4 290	4 290	4 290	4 292	51 482	53 496	54 983
Corporate services	1 245	1 245	1 245	1 245	1 245	1 245	1 245	1 245	1 245	1 245	1 245	1 246	14 941	15 184	15 030
Community and public safety	1 744	1 744	1 744	1 744	1 744	1 744	1 744	1 744	1 744	1 744	1 744	1 744	20 933	21 325	21 196
Community and social services	756	756	756	756	756	756	756	756	756	756	756	756	9 071	9 256	9 226
Sport and recreation	302	302	302	302	302	302	302	302	302	302	302	303	3 627	3 677	3 625
Public safety	686	686	686	686	686	686	686	686	686	686	686	686	8 235	8 392	8 345
Housing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services	4 783	4 783	4 783	4 783	4 783	4 783	4 783	4 783	4 783	4 783	4 783	4 784	57 401	54 346	55 568
Planning and development	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	44 099	40 792	42 091
Road transport	1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	1 109	13 303	13 555	13 477
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services	4 391	4 391	4 391	4 391	4 391	4 391	4 391	4 391	4 391	4 391	4 391	4 393	52 692	55 693	60 506
Electricity	3 530	3 530	3 530	3 530	3 530	3 530	3 530	3 530	3 530	3 530	3 530	3 532	42 362	44 753	48 953
Water	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management	861	861	861	861	861	861	861	861	861	861	861	862	10 330	10 940	11 552
Other	172	172	172	172	172	172	172	172	172	172	172	172	2 063	2 089	2 055
Total Revenue - Standard	18 356	18 356	18 356	18 356	18 356	18 356	18 356	18 356	18 356	18 356	18 356	18 363	220 280	223 174	230 129
		28 048	28 048	28 048	28 048	28 048	28 048	28 048	28 048	28 048	28 048				
Expenditure - Standard															
Governance and administration	5 716	5 716	5 716	5 716	5 716	5 716	5 716	5 716	5 716	5 716	5 716	5 718	68 592	71 993	76 658
Executive and council	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 457	1 458	17 480	18 474	19 525
Budget and treasury office	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 291	27 478	29 271	31 422
Corporate services	1 970	1 970	1 970	1 970	1 970	1 970	1 970	1 970	1 970	1 970	1 970	1 969	23 634	24 248	25 711
Community and public safety	10 838	10 838	10 838	10 838	10 838	10 838	10 838	10 838	10 838	10 838	10 838	(83 756)	35 463	32 728	31 880
Community and social services	1 393	1 393	1 393	1 393	1 393	1 393	1 393	1 393	1 393	1 393	1 393	1 394	16 720	14 880	15 804
Sport and recreation	686	686	686	686	686	686	686	686	686	686	686	686	8 232	6 718	4 220
Public safety	8 759	8 759	8 759	8 759	8 759	8 759	8 759	8 759	8 759	8 759	8 759	(85 836)	10 510	11 130	11 856
Housing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services	2 731	2 731	2 731	2 731	2 731	2 731	2 731	2 731	2 731	2 731	2 731	2 732	32 768	34 880	37 731
Planning and development	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	15 526	19 393	21 316
Road transport	1 437	1 437	1 437	1 437	1 437	1 437	1 437	1 437	1 437	1 437	1 437	1 437	17 242	15 487	16 416
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services	3 546	3 546	3 546	3 546	3 546	3 546	3 546	3 546	3 546	3 546	3 546	3 547	42 554	40 989	37 322
Electricity	2 701	2 701	2 701	2 701	2 701	2 701	2 701	2 701	2 701	2 701	2 701	2 702	32 408	35 571	39 210
Water	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management	846	846	846	846	846	846	846	846	846	846	846	845	10 146	5 418	(1 888)
Other	–	–	–	–	–	–	–	–	–	–	–	2 443	2 443	2 588	2 737
Total Expenditure - Standard	22 831	22 831	22 831	22 831	22 831	22 831	22 831	22 831	22 831	22 831	22 831	(69 316)	181 821	183 178	186 328
Surplus/(Deficit)	(4 475)	(4 475)	(4 475)	(4 475)	(4 475)	(4 475)	(4 475)	(4 475)	(4 475)	(4 475)	(4 475)	87 680	38 459	39 996	43 801

Table 47 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Multi-year expenditure *to be appropriated*															
Vote 1 - Governance and Administration												–	–	–	–
Vote 2 - Financial Services												–	–	–	–
Vote 3 - Corporate Services												–	–	–	–
Vote 4 - Community and Social Services												–	–	–	–
Vote 5 - Sports and Recreation												–	–	–	–
Vote 6 - Public Safety												–	–	–	–
Vote 7 - Planning and Development	3 263	3 263	3 263	3 263	2 261	2 261	2 261	2 261	1 091	1 091	1 091	1 091	26 459	27 396	28 801
Vote 8 - Roads Transport												–	–	–	–
Vote 9 - Environmental Protection												–	–	–	–
Vote 10 - Other												–	–	–	–
Vote 11 - Housing												–	–	–	–
Vote 12 - Electricity Services	1 200	1 200	1 200	1 200	900	900	900	900	900	900	900	900	12 000	12 600	15 000
Vote 13 - Water Services												–	–	–	–
Vote 14 - Waste Water Management												–	–	–	–
Vote 15 - Waste Management												–	–	–	–
Capital multi-year expenditure sub-total	4 463	4 463	4 463	4 463	3 161	3 161	3 161	3 161	1 991	1 991	1 991	1 991	38 459	39 996	43 801
Single-year expenditure to be appropriated															
Vote 1 - Governance and Administration												–	–	–	–
Vote 2 - Financial Services												–	–	–	–
Vote 3 - Corporate Services	2 000			800			261					–	3 061	1 232	–
Vote 4 - Community and Social Services		140										–	140	–	–
Vote 5 - Sports and Recreation												–	–	–	–
Vote 6 - Public Safety												–	–	–	–
Vote 7 - Planning and Development			275									–	275	–	–
Vote 8 - Roads Transport	2 000											–	2 000	–	–
Vote 9 - Environmental Protection												–	–	–	–
Vote 10 - Other												–	–	–	–
Vote 11 - Housing												–	–	–	–
Vote 12 - Electricity Services				1 500								–	1 500	–	–
Vote 13 - Water Services												–	–	–	–
Vote 14 - Waste Water Management												–	–	–	–
Vote 15 - Waste Management												–	–	–	–
Capital single-year expenditure sub-total	4 000	140	275	2 300	–	–	261	–	–	–	–	–	6 976	1 232	–
Total Capital Expenditure	8 463	4 603	4 738	6 763	3 161	3 161	3 422	3 161	1 991	1 991	1 991	1 991	45 435	41 228	43 801

Table 48 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital Expenditure - Standard															
Governance and administration	2 000	–	–	800	–	–	261	–	–	–	–	–	3 061	1 232	–
Executive and council												–	–	–	–
Budget and treasury office												–	–	–	–
Corporate services	2 000			800			261					–	3 061	1 232	–
Community and public safety	–	140	–	–	–	–	–	–	–	–	–	–	140	–	–
Community and social services		140										–	140	–	–
Sport and recreation												–	–	–	–
Public safety												–	–	–	–
Housing												–	–	–	–
Health												–	–	–	–
Economic and environmental services	5 263	3 263	3 263	3 263	2 261	2 261	2 261	2 261	1 091	1 091	1 091	1 366	28 734	27 396	28 801
Planning and development	3 263	3 263	3 263	3 263	2 261	2 261	2 261	2 261	1 091	1 091	1 091	1 366	26 734	27 396	28 801
Road transport	2 000											–	2 000	–	–
Environmental protection												–	–	–	–
Trading services	1 200	1 200	1 200	2 700	900	900	900	900	900	900	900	900	13 500	12 600	15 000
Electricity	1 200	1 200	1 200	2 700	900	900	900	900	900	900	900	900	13 500	12 600	15 000
Water												–	–	–	–
Waste water management												–	–	–	–
Waste management												–	–	–	–
Other												–	–	–	–
Total Capital Expenditure - Standard	8 463	4 603	4 463	6 763	3 161	3 161	3 422	3 161	1 991	1 991	1 991	2 266	45 435	41 228	43 801
Funded by:															
National Government	17 850	–	–	–	12 645	–	–	–	7 964	–	–	–	38 459	39 996	43 801
Provincial Government												–	–	–	–
District Municipality												–	–	–	–
Other transfers and grants												–	–	–	–
Transfers recognised - capital	17 850	–	–	–	12 645	–	–	–	7 964	–	–	–	38 459	39 996	43 801
Public contributions & donations												–	–	–	–
Borrowing	4 000											–	4 000	–	–
Internally generated funds		140	275	2 300			261					–	2 976	1 232	–
Total Capital Funding	21 850	140	275	2 300	12 645	–	261	–	7 964	–	–	–	45 435	41 228	43 801

Table 49 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash Receipts By Source													1		
Property rates	–	–	2 351									21 162	23 513	28 133	29 597
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2 521	2 521	2 521	2 521	2 521	2 521	2 521	2 521	2 521	2 521	2 521	2 521	30 254	31 596	34 468
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	260	260	260	260	260	260	260	260	260	260	260	260	3 118	3 624	3 240
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	101	101	101	101	101	101	101	101	101	101	101	101	1 209	1 280	1 352
Interest earned - external investments	154	154	154	154	154	154	154	154	154	154	154	154	1 846	1 955	2 065
Interest earned - outstanding debtors	427	427	427	427	427	427	427	427	427	427	427	427	5 120	5 422	5 726
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines	4	4	4	4	4	4	4	4	4	4	4	4	42	62	90
Licences and permits	155	155	155	155	155	155	155	155	155	155	155	155	1 860	1 969	2 080
Agency services	63	63	63	63	63	63	63	63	63	63	63	63	756	801	846
Transfer receipts - operational	42 553	930	–	–	34 080	–	1 292	–	27 899	–	–	–	106 754	103 682	102 380
Other revenue	75	75	75	75	75	75	75	75	75	75	75	75	905	959	1 012
Cash Receipts by Source	46 312	4 689	6 110	3 759	37 839	3 759	5 051	3 759	31 658	3 759	3 759	24 921	175 377	179 483	182 855
Other Cash Flows by Source															
Transfer receipts - capital	17 850	–	–	–	12 645	–	–	–	7 964	–	–	–	38 459	39 996	43 801
Contributions recognised - capital & Contributed assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Proceeds on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Short term loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	4 000	–	–	–	–	–	–	–	–	–	–	–	4 000	–	–
Increase (decrease) in consumer deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Receipts by Source	68 162	4 689	6 110	3 759	50 484	3 759	5 051	3 759	39 622	3 759	3 759	24 921	217 836	219 479	226 656
Cash Payments by Type															
Employee related costs	5 064	5 064	5 064	5 064	5 064	5 064	5 064	5 064	5 064	5 064	5 064	5 064	60 765	58 878	62 908
Remuneration of councillors	647	647	647	647	647	647	647	647	647	647	647	647	7 762	8 150	8 558
Finance charges	28	28	27	26	26	25	24	23	23	22	21	240	513	271	76
Bulk purchases - Electricity	2 230	2 230	2 230	2 230	2 230	2 230	2 230	2 230	2 230	2 230	2 230	2 230	26 761	28 340	29 927
Bulk purchases - Water & Sewer	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other materials	855	855	855	855	855	855	855	855	855	855	855	855	10 258	10 512	13 240
Contracted services	1 411	1 411	1 411	1 411	1 411	1 411	1 411	1 411	1 411	1 411	1 411	1 411	16 935	10 861	8 582
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	197	197	197	197	197	197	197	197	197	197	197	197	2 362	3 752	3 607
Other expenditure	3 332	3 332	3 332	3 332	3 332	3 332	3 332	3 332	3 332	3 332	3 332	3 332	39 981	52 765	46 859
Cash Payments by Type	13 764	13 763	13 762	13 762	13 761	13 760	13 759	13 759	13 758	13 757	13 757	13 976	165 338	173 529	173 756
Other Cash Flows/Payments by Type															
Capital assets	–	–	–	–	–	–	–	–	–	–	–	45 435	45 435	41 228	43 801
Repayment of borrowing	271	271	271	271	271	271	271	271	271	271	271	279	3 255	3 255	1 524
Other Cash Flows/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Payments by Type	14 034	14 034	14 033	14 032	14 031	14 031	14 030	14 029	14 029	14 028	14 027	59 690	214 027	218 012	219 081
NET INCREASE/(DECREASE) IN CASH HELD	54 128	(9 344)	(7 922)	(10 273)	36 453	(10 272)	(8 979)	(10 270)	25 594	(10 269)	(10 268)	(34 769)	3 809	1 467	7 575
Cash/cash equivalents at the month/year begin:	29 818	83 946	74 601	66 679	56 406	92 859	82 587	73 608	63 338	88 932	78 663	68 395	29 818	33 627	35 094
Cash/cash equivalents at the month/year end:	83 946	74 601	66 679	56 406	92 859	82 587	73 608	63 338	88 932	78 663	68 395	33 627	33 627	35 094	42 669

2.10 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.11 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 50 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	32 091	17 410	29 576	22 018	24 316	24 316	31 671	30 000	33 116
Infrastructure - Road transport	16 885	14 277	19 177	10 018	10 018	10 018	18 171	17 400	18 116
Roads, Pavements & Bridges	16 885	14 277	19 177	10 018	10 018	10 018	18 171	17 400	18 116
Storm water									
Infrastructure - Electricity	15 206	3 133	10 399	12 000	12 000	12 000	13 500	12 600	15 000
Generation									
Transmission & Reticulation	15 206	3 133	8 345	12 000	12 000	12 000	13 500	12 600	15 000
Street Lighting			2 054						
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Dams & Reservoirs									
Water purification									
Reticulation									
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Reticulation									
Sewerage purification									
Infrastructure - Other	–	–	–	–	2 298	2 298	–	–	–
Waste Management									
Transportation									
Gas									
Other					2 298	2 298			
Community	–	–	1 559	10 311	16 329	16 329	8 288	9 996	10 685
Parks & gardens									
Sportsfields & stadia			1 071	4 275	3 800	3 800	2 488	3 396	4 000
Swimming pools									
Community halls			276	5 363	5 363	5 363	3 400	5 000	5 000
Libraries				40	40	40			
Recreational facilities			212	633	633	633	2 400	1 600	1 685
Fire, safety & emergency									
Security and policing									
Cemeteries									
Social rental housing									
Other					6 493	6 493			
Heritage assets	–	–	–	–	–	–	–	–	–
Buildings									
Other									
Investment properties	–	–	–	–	–	–	–	–	–
Housing development									
Other									
Other assets	5 986	1 822	11 435	15 762	3 939	3 939	5 476	1 232	–
General vehicles	–	–	3 102	1 965	1 500	1 500			
Specialised vehicles	–	–	1 016	550	550	550	–	–	–
Plant & equipment		144	61	4 188	249	249	3 403	1 232	–
Computers - hardware/equipment		257	135	75	252	252	951		
Furniture and other office equipment	2 045	205	30	134	258	258	722		
Abattoirs	–	–	–	–	–	–			
Markets		1 191	2 522		785	785			
Civic Land and Buildings		15	–	8 700	345	345			
Other Buildings			1 322	150	–	–	400		
Other Land		9							
Surplus Assets - (Investment or Inventory)									
Other	3 941		3 248						
Agricultural assets	–	–	–	–	–	–	–	–	–
List sub-class									
Biological assets	–	–	–	–	–	–	–	–	–
List sub-class									
Intangibles	–	–	–	–	–	–	–	–	–
Computers - software & programming									
Other *(list sub-class)*									
Total Capital Expenditure on new assets	38 076	19 232	42 570	48 091	44 584	44 584	45 435	41 228	43 801
Specialised vehicles	–	–	1 016	550	550	550	–	–	–
Refuse			1 016	–	–	–			
Fire				550	550	550			
Conservancy				–	–	–			
Ambulances				–	–	–			

Table 51 MBRR SA 34b - Capital expenditure on renewal of existing assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		–	–	–	7 500	7 500	7 500	–	–	–
Infrastructure - Road transport		–	–	–	7 500	7 500	7 500	–	–	–
Roads, Pavements & Bridges					7 500	7 500	7 500			
Storm water										
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Reticulation										
Sewerage purification										
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Waste Management										
Transportation	2									
Gas										
Other	3									
Community		–	–	–	–	–	–	–	–	–
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		–	–	–	745	424	424	–	–	–
General vehicles										
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment					700					
Computers - hardware/equipment					45	424	424			
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other *(list sub-class)*										
Total Capital Expenditure on renewal of existing asse	1	–	–	–	8 245	7 924	7 924	–	–	–
Specialised vehicles		–	–	–	–	–	–	–	–	–
Refuse										
Fire										
Conservancy										
Ambulances										
Renewal of Existing Assets as % of total capex		*0.0%*	*0.0%*	*0.0%*	*15.7%*	*15.1%*	*17.4%*	*0.0%*	*0.0%*	*0.0%*
Renewal of Existing Assets as % of deprecn"		*0.0%*	*0.0%*	*0.0%*	*181.8%*	*174.7%*	*101.2%*	*0.0%*	*0.0%*	*0.0%*

Table 52 MBRR SA 34c – Repairs and maintenance by asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	3 615	7 372	7 552	10 182	10 793	10 793	14 156	12 219	14 922
Infrastructure - Road transport	2 221	6 303	6 300	8 075	8 075	8 075	11 362	9 260	9 801
Roads, Pavements & Bridges	2 233	6 246	6 276	7 993	7 993	7 993	11 276	9 168	9 705
Storm water	(12)	57	23	82	82	82	86	91	96
Infrastructure - Electricity	1 394	1 069	1 252	2 107	2 718	2 718	2 794	2 959	5 120
Generation				521	521	521			
Transmission & Reticulation	1 397	1 035	1 029	1 479	2 089	2 089	2 651	2 807	4 960
Street Lighting	(3)	35	224	108	108	108	144	152	161
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Dams & Reservoirs									
Water purification									
Reticulation									
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Reticulation									
Sewerage purification									
Infrastructure - Other	–	–	–	–	–	–	–	–	–
Waste Management									
Transportation									
Gas									
Other									
Community	–	–	–	–	–	–	–	–	–
Parks & gardens									
Sportsfields & stadia									
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other									
Heritage assets	–	–	–	–	–	–	–	–	–
Buildings									
Other									
Investment properties	–	–	–	–	–	–	–	–	–
Housing development									
Other									
Other assets	1 137	1 010	3 576	2 358	2 358	2 358	4 192	4 440	4 708
General vehicles	583	430	1 475	1 192	1 192	1 192	1 249	1 323	1 397
Specialised vehicles	–	–	–	–	–	–	–	–	–
Plant & equipment	30	63	59	44	44	44	70	75	79
Computers - hardware/equipment	50	15	18	50	50	50	92	97	103
Furniture and other office equipment	–			5	5	5			
Abattoirs					–	–			
Markets					–	–			
Civic Land and Buildings					–	–			
Other Buildings	468	502	2 018	1 000	1 000	1 000	2 743	2 905	3 087
Other Land	6	1	5	67	67	67	38	41	43
Surplus Assets - (Investment or Inventory)									
Other									
Agricultural assets	–	–	–	–	–	–	–	–	–
List sub-class									
Biological assets	–	–	–	–	–	–	–	–	–
List sub-class									
Intangibles	–	–	–	–	–	–	–	–	–
Computers - software & programming									
Other *(list sub-class)*									
Total Repairs and Maintenance Expenditure	4 751	8 382	11 127	12 540	13 150	13 150	18 349	16 659	19 630
Specialised vehicles	–	–	–	–	–	–	–	–	–
Refuse									
Fire									
Conservancy									
Ambulances									
R&M as a % of PPE	*3.8%*	*5.3%*	*4.7%*	*5.4%*	*5.6%*	*5.6%*	*6.0%*	*4.9%*	*0.0%*
R&M as % Operating Expenditure	*4.6%*	*6.1%*	*7.8%*	*8.3%*	*8.7%*	*8.7%*	*10.0%*	*8.9%*	*0.0%*

Table 53 MBRR SA 34d - Depreciation by asset class

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Depreciation by Asset Class/Sub-class									
Infrastructure	1 557	2 104	3 265	3 316	3 316	3 316	6 347	7 346	8 449
Infrastructure - Road transport	1 405	1 970	3 096	2 796	2 796	2 796	4 528	5 241	6 028
Roads, Pavements & Bridges	1 405	1 970	3 096	2 796	2 796	2 796	4 528	5 241	6 028
Storm water									
Infrastructure - Electricity	152	134	169	520	520	520	1 819	2 105	2 421
Generation									
Transmission & Reticulation	152	134	169	520	520	520	1 819	2 105	2 421
Street Lighting									
Infrastructure - Water	–	–	–	–	–	–	–	–	–
Dams & Reservoirs									
Water purification									
Reticulation									
Infrastructure - Sanitation	–	–	–	–	–	–	–	–	–
Reticulation									
Sewerage purification									
Infrastructure - Other	–	–	–	–	–	–	–	–	–
Waste Management									
Transportation									
Gas									
Other									
Community	–	–	–	–	–	–	428	425	423
Parks & gardens									
Sportsfields & stadia									
Swimming pools									
Community halls							428	425	423
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other									
Heritage assets	–	–	–	–	–	–	–	–	–
Buildings									
Other									
Investment properties	–	–	–	–	–	–	–	–	–
Housing development									
Other									
Other assets	1 315	2 232	1 343	1 201	1 201	1 201	1 036	1 061	1 056
General vehicles	150	532	180	155	155	155	215	214	213
Specialised vehicles	–	–	2	–	–	–	–	–	–
Plant & equipment	310	738	452	192	192	192	254	284	283
Computers - hardware/equipment	118	166	100	42	42	42	73	73	72
Furniture and other office equipment	297	313	189	74	74	74	86	86	85
Abattoirs									
Markets									
Civic Land and Buildings	440	483	420	607	607	607	407	404	403
Other Buildings									
Other Land									
Surplus Assets - (Investment or Inventory)									
Other				131	131	131			
Agricultural assets	–	–	–	–	–	–	–	–	–
List sub-class									
Biological assets	–	–	–	–	–	–	–	–	–
List sub-class									
Intangibles	42	36	23	18	18	18	23	23	13
Computers - software & programming	42	36	23	18	18	18	23	23	13
Other *(list sub-class)*									
Total Depreciation	2 914	4 372	4 631	4 536	4 536	4 536	7 833	8 855	9 942
Specialised vehicles	–	–	2	–	–	–	–	–	–
Refuse			2						
Fire									
Conservancy									
Ambulances									

Table 54 MBRR SA 35 – Future Financial Implications of the capital budget

Vote Description	2015/16 Medium Term Revenue & Expenditure Framework			Forecasts			
R thousand	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Present value
Capital expenditure							
Vote 1 - Governance and Administration	–	–	–	–	–	–	–
Vote 2 - Financial Services	–	–	–	–	–	–	–
Vote 3 - Corporate Services	1 232	–	–	–	–	–	–
Vote 4 - Community and Social Services	–	–	–	–	–	–	–
Vote 5 - Sports and Recreation	–	–	–	–	–	–	–
Vote 6 - Public Safety	–	–	–	–	–	–	–
Vote 7 - Planning and Development	27 396	28 801	–	30 241	29 031	30 700	–
Vote 8 - Roads Transport	–	–	–	–	–	–	–
Vote 9 - Environmental Protection	–	–	–	–	–	–	–
Vote 10 - Other	–	–	–	–	–	–	–
Vote 11 - Housing	–	–	–	–	–	–	–
Vote 12 - Electricity Services	12 600	15 000	–	10 000	5 000	–	
Vote 13 - Water Services	–	–	–	–	–	–	–
Vote 14 - Waste Water Management	–	–	–	–	–	–	–
Vote 15 - Waste Management	–	–	–	–	–	–	–
Total Capital Expenditure	41 228	43 801	–	40 241	34 031	30 700	–
Future operational costs by vote							
Vote 1 - Governance and Administration	–	–	–	–	–	–	–
Vote 2 - Financial Services	–	–	–	–	–	–	–
Vote 3 - Corporate Services	–	–	–	–	–	–	–
Vote 4 - Community and Social Services	–	–	–	–	–	–	–
Vote 5 - Sports and Recreation	–	–	–	–	–	–	–
Vote 6 - Public Safety	–	–	–	–	–	–	–
Vote 7 - Planning and Development							
Vote 8 - Roads Transport	–	–	–	–	–	–	–
Vote 9 - Environmental Protection	–	–	–	–	–	–	–
Vote 10 - Other	–	–	–	–	–	–	–
Vote 11 - Housing	–	–	–	–	–	–	–
Vote 12 - Electricity Services							
Vote 13 - Water Services	–	–	–	–	–	–	–
Vote 14 - Waste Water Management	–	–	–	–	–	–	–
Vote 15 - Waste Management	–	–	–	–	–	–	–
Total future operational costs	–	–	–	–	–	–	–
Future revenue by source							
Property rates							
Property rates - penalties & collection charges							
Service charges - electricity revenue							
Service charges - water revenue							
Service charges - sanitation revenue							
Service charges - refuse revenue							
Service charges - other							
Rental of facilities and equipment							
Total future revenue	–	–	–	–	–	–	–
Net Financial Implications	41 228	43 801	–	40 241	34 031	30 700	–

Table 55 MBRR SA 36 – Detailed capital budget per municipal vote

Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2015/16 Medium Term Revenue & Expenditure Framework			Project information	
R thousand				6	3	3	5		Audited Outcome 2013/14	Current Year 2014/15 Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Ward location	New or renewal
Financial Services	Computer equipment			Yes	*Other Assets*	*Computers - hardware/equipment*									
Corporate Services	Motor vehicles			Yes	*Other Assets*	*General vehicles*									
Corporate Services	Motor vehicles			Yes	*Other Assets*	*Specialised vehicles - Refuse*									
Corporate Services	Furniture			Yes	*Other Assets*	*Furniture and other office equipment*									
Roads	Various tools			Yes	*Other Assets*	*Plant & equipment*									
Corporate Services	Flea market			Yes	*Other Assets*	*Other Buildings*									
Community Assets	Construction of creche			Yes	*Community*	*Recreational facilities*									
Community Assets	Sportsfield			Yes	*Community*	*Sportsfields & stadia*									
Financial Services	Furniture			Yes	*Other Assets*	*Computers - hardware/equipment*			226						New
Electricity	High Mast			Yes	*Other Assets*	*Transmission & Reticulation*			2 054						New
Community Assets	Construction of creche			Yes	*Community*	*Recreational facilities*			212						New
Community Services	Community Halls			Yes	*Community*	*Community halls*			276						New
Community Services	Sportfields			Yes	*Community*	*Sportsfields & stadia*			1 071						New
Properties	Flea Market			Yes	*Community*	*Markets*			2 522						New
Transport and Roads	Sub-Rank			Yes	*Infrastructure - Road transport*	*Other*			3 248						New
Community Services	Cultural Village			Yes	*Other Assets*	*Other Buildings*			1 322						New
Corporate Services	Motor vehicles			Yes	*Other Assets*	*General vehicles*			3 102						New
Waste Management	Motor vehicles			Yes	*Other Assets*	*Specialised vehicles - Refuse*			1 016						New
Transport and Roads	Upgrading of roads			Yes	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*			19 177						New
Electricity	Installation of electricity infrastrucutre			Yes	*Other Assets*	*Transmission & Reticulation*			8 345						New
Transport and Roads	Roads			Yes	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*				2 510	18 171	17 400	28 801	10	New
Transport and Roads	Ncotshane Roads			Yes	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*				7 500				2	Renewal
Transport and Roads	Upgrading of roads			Yes	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*				3 709				11	New
Transport and Roads	Upgrading of roads			Yes	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*				3 709				8	New
Community Assets	Construction of community hall			Yes	*Community*	*Community halls*				1 748	3 400	5 000		9	New
Community Assets	Construction of community hall			Yes	*Community*	*Community halls*				1 748				12	New
Community Assets	Construction of community hall			Yes	*Community*	*Community halls*				1 748				13	New
Community Assets	Construction of creche			Yes	*Community*	*Recreational facilities*				752	2 400	1 600		7	New
Community Assets	Upgrading of sport facilities			Yes	*Community*	*Sportsfields & stadia*				1 122	2 488			7	New
Community Assets	Upgrading of sport facilities			Yes	*Community*	*Sportsfields & stadia*				1 122				14	New
Community Assets	Upgrading of sport facilities			Yes	*Community*	*Sportsfields & stadia*				1 122				3	New
Community Assets	Multi-purpose Sports Centre			Yes	*Community*	*Community halls*						3 396			New
Electricity	Installation of electricity infrastrucutre			Yes	*Other Assets*	*Transmission & Reticulation*				3 000	12 000	12 600	15 000	5	New
Electricity	Installation of electricity infrastrucutre			Yes	*Other Assets*	*Transmission & Reticulation*				9 000				1	New
Community Assets	Sports Facility - Ncotshane			Yes	*Community*	*Sportsfields & stadia*				525					New
Community Assets	Flea Market			Yes	*Community*	*Markets*				785					New
Community Assets	Imbube Cultural Village			Yes	*Community*	*Other Buildings*				6 493					New
Transport and Roads	Sub-rank			Yes	*Infrastructure - Road transport*	*Other*				2 298					New
Municipal Manager	Furniture			Yes	*Other Assets*	*Furniture and other office equipment*				7					New
Municipal Manager	Computer - Laptop			Yes	*Other Assets*	*Computers - hardware/equipment*				63					New
Corporate Services	Computer - Laptops			Yes	*Other Assets*	*Computers - hardware/equipment*				237					New
Corporate Services	Furniture			Yes	*Other Assets*	*Furniture and other office equipment*				223					New
Financial Services	Desks and chairs			Yes	*Other Assets*	*Furniture and other office equipment*				70					New
Financial Services	Computers			Yes	*Other Assets*	*Computers - hardware/equipment*				196					New
Property Services	Fencing of office buildings			Yes	*Other Assets*	*Buildings*				195					New
Property Services	Airconditioners			Yes	*Other Assets*	*Plant & equipment*				28					New
Library services	Furniture			Yes	*Other Assets*	*Furniture and other office equipment*				61	140				New
Community Services	Desks and chairs			Yes	*Other*	*Furniture and other office equipment*				4					New
Community Services	Water Dispenser			Yes	*Other*	*Plant & equipment*				2					New
Disaster	Parkhome			Yes	*Other Assets*	*Other*				150					New
Disaster	Fire response vehicle			Yes	*Other Assets*	*Specialised vehicles - Fire*				550					New
Parks and Gardens	Various tools			Yes	*Other Assets*	*Plant & equipment*				82	275				New
Roads	Acquisition of tipper truck			Yes	*Other Assets*	*Transportation*				1 500					New
Traffic Services	Fire arms and safe			Yes	*Other Assets*	*Plant & equipment*				108					New
Traffic Services	Sirens and drive systems			Yes	*Other Assets*	*Plant & equipment*				12					New
Technical Services	Computers			Yes	*Other Assets*	*Computers - hardware/equipment*				38					New
Community Services	Furniture			Yes	*Other Assets*	*Furniture and other office equipment*				48					New
Planning and Development	Computers			Yes	*Other Assets*	*Computers - hardware/equipment*				44					New
Roads	Acquisition of grader			Yes	*Other Assets*	*Plant & equipment*					2 000				New
Electricity	Electrification of ext. 4			Yes	*Infrastructure - Electricity*	*Transmission & Reticulation*					1 500				New
Corporate Services	Parkhome			Yes	*Other Assets*	*Other Buildings*					400				New
Corporate Services	Computers			Yes	*Other Assets*	*Computers - hardware/equipment*					957				New
Corporate Services	Shredder and Binding Machines			Yes	*Other Assets*	*Plant & equipment*					72				New
Corporate Services	Furniture			Yes	*Other Assets*	*Furniture and other office equipment*					632				New
Corporate Services	Generator			Yes	*Other Assets*	*Plant & equipment*					1 000				New
Corporate Services	Electronic Records Management System			Yes	*Other Assets*	*Plant & equipment*						1 200			New
Corporate Services	Voice Recording Machine			Yes	*Other Assets*	*Plant & equipment*						32			New
Total Capital expenditure											45 435	41 228	43 801		

Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

   Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.

2. Internship programme

   The Municipality is participating in the Municipal Financial Management Internship programme and has employed nine interns undergoing training in various divisions of the Financial Services Department. The first four have finished the first two years of training and are currently working to obtain further experience in their respective departments. Since the introduction of the Internship programme the Municipality has successfully employed and trained 3 interns through this programme.

3. Budget and Treasury Office

   The Budget and Treasury Office has been established in accordance with the MFMA. The municipality is in the process of filling all critical vacant posts within the finance department.

4. Audit Committee

   An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

   The detail SDBIP document is at a draft stage and will be finalised after approval of the 2015/16 MTREF in May 2015 and is directly aligned and informed by the 2015/16 MTREF.

6. Annual Report

   Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.12 Other supporting documents

Table 56 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
REVENUE ITEMS:										
Property rates										
Total Property Rates	10 952	14 051	17 822	24 459	24 459	24 459	24 459	26 299	27 851	29 411
less Revenue Foregone				1 394	1 394	1 394	1 394	1 568	1 660	1 753
Net Property Rates	10 952	14 051	17 822	23 064	23 064	23 064	23 064	24 732	26 191	27 657
Service charges - electricity revenue										
Total Service charges - electricity revenue	18 309	23 366	26 260	26 529	26 529	26 529	26 529	29 895	31 659	33 432
less Revenue Foregone										
Net Service charges - electricity revenue	18 309	23 366	26 260	26 529	26 529	26 529	26 529	29 895	31 659	33 432
Service charges - water revenue										
Total Service charges - water revenue										
less Revenue Foregone										
Net Service charges - water revenue	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue										
Total Service charges - sanitation revenue										
less Revenue Foregone										
Net Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue										
Total refuse removal revenue	4 925	5 419	6 249	6 785	7 710	7 710	7 710	8 080	8 557	9 036
Total landfill revenue										
less Revenue Foregone										
Net Service charges - refuse revenue	4 925	5 419	6 249	6 785	7 710	7 710	7 710	8 080	8 557	9 036
Other Revenue by source										
Other Revenue	849	1 251	998	819	864	864	864	905	959	1 012
Total 'Other' Revenue	849	1 251	998	819	864	864	864	905	959	1 012
EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	19 263	23 200	26 614	33 714	33 714	33 714	33 714	46 884	44 511	47 552
Pension and UIF Contributions	1 901	2 176	2 742	3 696	3 696	3 696	3 696	4 952	5 268	5 631
Medical Aid Contributions	986	1 268	1 516	1 552	1 552	1 552	1 552	1 521	1 617	1 728
Overtime	2 387	2 327	1 541	1 242	1 242	1 242	1 242	1 678	1 385	1 479
Performance Bonus	1 167	1 472	2 027	2 818	2 818	2 818	2 818	3 629	3 864	4 129
Motor Vehicle Allowance	1 147	1 443	1 253	2 222	2 222	2 222	2 222	1 701	1 808	1 933
Cellphone Allowance	25	64	59	126	126	126	126	83	88	94
Housing Allowances	25	30	28	29	29	29	29	29	31	33
Other benefits and allowances	932	1 795	919	266	266	266	266	289	307	328
Payments in lieu of leave	–	–	–	–	–	–	–	–	–	–
Long service awards	–	–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	–	–	–	–	–	–	–	–	–	–
sub-total	27 832	33 774	36 700	45 665	45 665	45 665	45 665	60 765	58 878	62 908
Less: Employees costs capitalised to PPE										
Total Employee related costs	27 832	33 774	36 700	45 665	45 665	45 665	45 665	60 765	58 878	62 908
Contributions recognised - capital										
Total Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–

Table 56 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment	2 974	3 975	4 585	4 536	4 536	4 536	4 536	7 833	8 855	9 942
Lease amortisation	–	–	–	–	–	–	–	–	–	–
Capital asset impairment	–	397	45	–	–	–	–	–	–	–
Depreciation resulting from revaluation of PPE	–	–	–	–	–	–	–	–	–	–
Total Depreciation & asset impairment	2 974	4 372	4 631	4 536	4 536	4 536	4 536	7 833	8 855	9 942
Bulk purchases										
Electricity Bulk Purchases	15 617	19 039	20 419	23 299	23 299	23 299	23 299	26 761	28 340	29 927
Water Bulk Purchases	–	–		–	–	–	–	–	–	–
Total bulk purchases	15 617	19 039	20 419	23 299	23 299	23 299	23 299	26 761	28 340	29 927
Transfers and grants										
Cash transfers and grants	–	–	2 269	1 020	1 020	1 020	1 284	2 610	3 006	–
Non-cash transfers and grants	2 691	2 309	541	1 553	1 553	1 553	1 078	1 142	601	–
Total transfers and grants	2 691	2 309	2 810	2 573	2 573	2 573	2 362	3 752	3 607	–
Contracted services										
Electrical Services	6 237	9 157	455	594	594	594	594	512	328	259
Refuse collection services (waste removal)			4 427	4 649	4 293	4 293	4 293	4 499	2 885	2 280
Parks and Garden maintenance			1 730	1 250	4 131	4 131	4 131	2 667	1 711	1 352
Information Technology services/corporate			1 597	1 048	1 646	1 646	1 646	3 059	1 962	1 550
Value-added tax services			813	673	673	673	673	–	–	–
Security/ Protection Services			3 491	2 759	5 914	5 914	5 914	6 198	3 975	3 141
sub-total	6 237	9 157	12 512	10 974	17 251	17 251	17 251	16 935	10 861	8 582
Allocations to organs of state:										
Electricity										
Water										
Sanitation										
Other										
Total contracted services	6 237	9 157	12 512	10 974	17 251	17 251	17 251	16 935	10 861	8 582
Other Expenditure By Type										
Collection costs	843	255	28	319	319	319	319	334	354	373
Contributions to 'other' provisions	2 299	984	7 555	232	232	232	232	246	261	277
Consultant fees	3 017	3 020	3 025	1 169	1 400	1 400	1 400	1 467	1 554	1 641
Audit fees	1 738	2 426	1 946	2 336	2 336	2 336	2 336	2 449	2 593	2 738
General expenses	636	1 363	2 809	3 326	3 789	3 789	3 789	3 750	3 336	3 243
Subsistence and Travelling	1 604	2 594	1 759	2 558	2 888	2 888	2 888	3 033	3 212	3 392
Advertising	208	602	529	499	499	499	499	523	554	585
Legal Costs	–	–	218	323	870	870	870	1 580	1 673	1 767
Licenses	–	–	539	568	568	568	568	118	125	132
Stationery,printing and telephone	1 017	1 391	1 791	1 456	1 456	1 456	1 456	1 245	1 318	1 392
Youth, senior citizen, men & women support	–	–	459	3 234	3 234	3 234	3 234	4 070	4 310	4 552
Postages and courier	37	31	52	49	49	49	49	51	54	57

Table 56 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cleaning materials	530	211	145	235	235	235	235	246	261	275
Electricity,water,refuse& sewerage charges	280	289	1 104	751	751	751	751	1 537	1 628	1 719
Rentals	680	–	789	1 051	1 051	1 051	1 051	639	677	715
Fuel & oil	496	1 049	1 000	1 033	1 033	1 033	1 033	1 083	1 147	1 211
Hire of equipment and rentals	1 075	367	1 349	1 472	1 769	1 769	1 769	1 002	1 061	1 120
Uniform and Protective Clothing	188	83	313	1 037	582	582	582	367	388	410
Training Fees and subscriptions and WCA	324	236	919	1 222	1 755	1 755	1 755	2 982	3 158	3 335
Insurance	688	1 273	944	1 215	1 215	1 215	1 215	1 273	1 348	1 723
Public participation and communication	1 754	2 055	2 555	2 936	2 936	2 936	2 936	5 911	6 259	6 610
Pauper burials	–	–	215	214	214	214	214	250	265	280
Ward Upliftment	–	–	2 787	2 804	2 804	2 804	2 804	1 000	1 059	1 118
EPWP	–	–	2 506	1 823	1 823	1 823	1 823	–	–	–
Accommodation Expense and refreshments	–	–	1 706	1 932	1 932	1 932	1 932	3 059	3 239	3 420
Disaster Victims Support and LED	–	–	358	3 380	3 380	3 380	3 380	4 255	7 506	8 621
Transport costs	–	–	–	–	–	–	–	1 080	1 143	1 207
Total 'Other' Expenditure	17 414	18 230	37 402	37 174	39 119	39 119	39 119	43 549	48 483	51 914
Repairs and Maintenance by Expenditure Item										
Employee related costs	2 157	2 443	3 118	2 968	2 969	2 969	2 969	7 475	5 143	5 498
Other materials	1 198	5 491	7 554	8 978	9 588	9 588	9 588	10 362	10 973	13 559
Contracted Services	1 397	448	455	594	594	594	594	512	542	573
Other Expenditure	–	–	–	–	–	–	–	–	–	–
Total Repairs and Maintenance Expenditure	4 751	8 382	11 127	12 540	13 150	13 150	13 150	18 349	16 659	19 630

Table 57 MBRR Table SA2 - Matrix Financial Performance Budget (revenue source/ expenditure type by department)

Description R thousand	Vote 1 - Governance	Vote 2 - Financial	Vote 3 - Corporate	Vote 4 - Community	Vote 5 - Sports and	Vote 6 - Public Safety	Vote 7 - Planning	Vote 8 - Roads	Vote 9 - Environment	Vote 10 - Other	Vote 11 - Housing	Vote 12 - Electricity	Vote 13 - Water	Vote 14 - Waste Water	Vote 15 - Waste	Total
Revenue By Source																
Property rates		23 404														23 404
Property rates - penalties & collection charges																–
Service charges - electricity revenue												26 067				26 067
Service charges - water revenue																–
Service charges - sanitation revenue																–
Service charges - refuse revenue				1 289											5 496	6 785
Service charges - other																–
Rental of facilities and equipment			1 063	224	99					3						1 390
Interest earned - external investments		1 762														1 762
Interest earned - outstanding debtors		1 981	9									142			1 693	3 826
Dividends received																–
Fines				5		393										398
Licences and permits								2 436								2 436
Agency services						1 061										1 061
Other revenue		166	84	154			177	2				219			16	819
Transfers recognised - operational	16 758	13 128	7 657	5 266	2 162	4 037	8 354	6 536		1 277		14 698			2 983	82 855
Gains on disposal of PPE																–
Total Revenue (excluding capital transfers and contributio	16 758	40 440	8 814	6 939	2 262	5 491	8 531	8 974	–	1 279	–	41 125	–	–	10 188	150 801
Expenditure By Type																
Employee related costs	3 337	8 393	6 354	7 837	622	6 131	7 135	5 223		292		339				45 665
Remuneration of councillors	7 393															7 393
Debt impairment															1 454	1 454
Depreciation & asset impairment		4 060														4 060
Finance charges		471														471
Bulk purchases												23 299				23 299
Other materials																–
Contracted services		1 733	3 577		1 250							594			4 281	11 436
Transfers and grants												2 810				2 810
Other expenditure	11 294	7 823	5 346	524	2 121	1 880	5 797	7 747		2 043		2 124			183	46 882
Loss on disposal of PPE																–
Total Expenditure	22 024	22 479	15 277	8 362	3 993	8 011	12 932	12 970	–	2 335	–	29 166	–	–	5 919	143 469
Surplus/(Deficit)	(5 267)	17 961	(6 463)	(1 423)	(1 731)	(2 521)	(4 401)	(3 996)	–	(1 056)	–	11 960	–	–	4 269	7 332
Transfers recognised - capital							26 789					12 000				38 789
Contributions recognised - capital																–
Contributed assets																–
Surplus/(Deficit) after capital transfers & contributions	(5 267)	17 961	(6 463)	(1 423)	(1 731)	(2 521)	22 388	(3 996)	–	(1 056)	–	23 960	–	–	4 269	46 121

Table 58 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS										
Call investment deposits										
Call deposits < 90 days	8 403	22 873	11 419	12 142	29 814	29 814	29 814	33 622	35 089	42 664
Other current investments > 90 days										
Total Call investment deposits	8 403	22 873	11 419	12 142	29 814	29 814	29 814	33 622	35 089	42 664
Consumer debtors										
Consumer debtors	58 705	70 045	86 576	71 046	96 992	96 992	96 992	107 652	108 941	100 862
Less: Provision for debt impairment	(33 686)	(35 871)	(43 260)	(38 695)	(38 780)	(38 780)	(38 780)	(48 240)	(52 855)	(50 111)
Total Consumer debtors	25 019	34 174	43 316	32 351	58 212	58 212	58 212	59 412	56 086	50 751
Debt impairment provision										
Balance at the beginning of the year	16 386	19 317	35 923	35 871	35 871	35 871	35 871	38 780	48 240	52 855
Contributions to the provision	2 932	3 939	7 337	1 454	2 909	2 909	2 909	9 460	4 615	(2 744)
Bad debts written off	–	–	–	–	–	–	–	–	–	–
Balance at end of year	19 317	23 256	43 260	37 326	38 780	38 780	38 780	48 240	52 855	50 111
Property, plant and equipment (PPE)										
PPE at cost/valuation (excl. finance leases)	129 150	147 656	185 684	269 746	270 403	270 403	270 403	315 838	357 066	400 867
Leases recognised as PPE	–	–		–	–	–	–	–	–	–
Less: Accumulated depreciation	19 105	23 256	26 659	31 120	36 091	36 091	36 091	43 901	52 733	62 662
Total Property, plant and equipment (PPE)	110 045	124 400	159 025	238 625	234 313	234 313	234 313	271 938	304 333	338 205
LIABILITIES										
Current liabilities - Borrowing										
Short term loans (other than bank overdraft)	–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities	2 464	2 647	3 281	3 722	1 523	1 523	1 523	3 254	1 523	–
Total Current liabilities - Borrowing	2 464	2 647	3 281	3 722	1 523	1 523	1 523	3 254	1 523	–
Trade and other payables										
Trade and other creditors	18 532	15 680	20 640	16 270	41 890	41 890	41 890	39 257	41 848	35 167
Unspent conditional transfers	5 445	6 043	6 863	–	–	–	–	–	–	–
VAT	4 234	5 666	2 345	5 666	2 345	2 345	2 345	4 445	3 400	2 405
Total Trade and other payables	28 211	27 388	29 848	21 935	44 235	44 235	44 235	43 702	45 248	37 573
Non current liabilities - Borrowing										
Borrowing	2 430	845	448	–	–	–	–	–	–	–
Finance leases (including PPP asset element)	2 576	1 272	3 047	14 890	1 523	1 523	1 523	1 177	–	–
Total Non current liabilities - Borrowing	5 006	2 117	3 495	14 890	1 523	1 523	1 523	1 177	–	–
Provisions - non-current										
Retirement benefits	2 284	2 601	2 503	2 601	2 503	2 503	2 503	2 605	2 713	2 828
List other major provision items										
Refuse landfill site rehabilitation	3 678	3 862	3 958	3 862	3 519	3 519	3 519	3 663	3 816	3 978
Other	1 947	–	341		–	–	–			
Total Provisions - non-current	7 910	6 462	6 802	6 462	6 022	6 022	6 022	6 268	6 529	6 806
CHANGES IN NET ASSETS										
Accumulated Surplus/(Deficit)										
Accumulated Surplus/(Deficit) - opening balance	161 570	177 903	232 285	292 114	262 632	262 632	262 632	358 107	399 576	440 541
GRAP adjustments	(1 245)	19 673	(2 653)	–	–	–	–	–	–	–
Restated balance	160 325	197 576	229 632	292 114	262 632	262 632	262 632	358 107	399 576	440 541
Surplus/(Deficit)	37 886	34 709	33 000	46 121	48 890	48 890	48 890	38 459	39 996	43 801
Appropriations to Reserves										
Transfers from Reserves										
Depreciation offsets										
Other adjustments				(13 973)	46 585	46 585	46 585	2 904	(8 636)	(8 535)
Accumulated Surplus/(Deficit)	198 211	232 285	262 632	324 262	358 107	358 107	358 107	399 470	430 936	475 807
Reserves										
Housing Development Fund										
Capital replacement										
Self-insurance										
Other reserves										
Revaluation										
Total Reserves	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	198 211	232 285	262 632	324 262	358 107	358 107	358 107	399 470	430 936	475 807

Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics											
Population	Census 1996; Census 2001; Census 2011	119 780	119 780	127.398	127 238	127 238	129 542	129 542	129 542	129 542	129 542
Females aged 5 - 14	Census 1996; Census 2001; Census 2011	16 589	16 589	16.030	15 730	15 730	16 015	16 015	16 015	16 015	16 015
Males aged 5 - 14	Census 1996; Census 2001; Census 2011	16 664	16 664	16.197	16 197	16 197	16 490	16 490	16 490	16 490	16 490
Females aged 15 - 34	Census 1996; Census 2001; Census 2011	22 541	22 541	24.644	24 644	24 644	25 090	25 090	25 090	25 090	25 090
Males aged 15 - 34	Census 1996; Census 2001; Census 2011	19 880	19 880	22.692	22 692	22 692	23 102	23 102	23 102	23 102	23 102
Unemployment	Census 1996; Census 2001; Census 2011	15 908	15.908	17.668	17.668	17.668	17.988	17.988	17.988	17.988	17.988
Monthly household income (no. of households)											
No income	Census 1996; Census 2001; Census 2011	19 407	19 407	3.953	3 953	3 953	3 953	3 953	3 953	3 953	3 953
R1 - R1 600	Census 1996; Census 2001; Census 2011	5 752	5 752	12.770	12 770	12 770	12 770	12 770	12 770	12 770	12 770
R1 601 - R3 200	Census 1996; Census 2001; Census 2011	396	396	6.281	6 281	6 281	6 281	6 281	6 281	6 281	6 281
R3 201 - R6 400	Census 1996; Census 2001; Census 2011	253	253	2.651	2 651	2 651	2 651	2 651	2 651	2 651	2 651
R6 401 - R12 800	Census 1996; Census 2001; Census 2011	89	89	1.581	1 581	1 581	1 581	1 581	1 581	1 581	1 581
R12 801 - R25 600	Census 1996; Census 2001; Census 2011	30	30	0.944	944	944	944	944	944	944	944
R25 601 - R51 200	Census 1996; Census 2001; Census 2011	13	13	0.404	404	404	404	404	404	404	404
R52 201 - R102 400	Census 1996; Census 2001; Census 2011	11	11	0.090	90	90	90	90	90	90	90
R102 401 - R204 800	Census 1996; Census 2001; Census 2011	11	11	0.046	46	46	46	46	46	46	46
R204 801 - R409 600	Census 1996; Census 2001; Census 2011	–	–	0.051	51	51	51	51	51	51	51
R409 601 - R819 200	Census 1996; Census 2001; Census 2011	–	–	–	–	–	–	–	–	–	–
> R819 200	Census 1996; Census 2001; Census 2011	–	–	–	–	–	–	–	–	–	–
Poverty profiles (no. of households)											
< R2 060 per household per month											
Insert description											
Household/demographics (000)											
Number of people in municipal area		119 780	119 780	127.398	127 398	127 238	129 542	129 542	129 542	129 542	129 542
Number of poor people in municipal area		–					–	–	–	–	–
Number of households in municipal area		26 954			28 772	28 772	29 293	29 293	29 293	29 293	29 293
Number of poor households in municipal area		–	–	–	–	–	–	–	–	–	–
Definition of poor household (R per month)		2 060	2 060	2 060	2 060	2 060	2 185	2 185	2 185	2 185	2 185

Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions (Continued)

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Housing statistics											
Formal		16 331	15 006	24 013	24 013	24 157	25 606	25 606	25 606	25 606	25 606
Informal		398	438	342	342	344	365	365	365	365	365
Total number of households		16 729	15 444	24 355	24 355	24 501	25 971	25 971	25 971	25 971	25 971
Dwellings provided by municipality		–	–	–	–		–	–	–	–	–
Dwellings provided by province/s		–	–	–	–		–	–	–	–	–
Dwellings provided by private sector		4 834	1 030	1 030	4 863	4 863	4 921	4 921	4 921	4 921	4 921
Total new housing dwellings		4 834	1 030	1 030	4 863	4 863	4 921	4 921	4 921	4 921	4 921
Economic											
Inflation/inflation outlook (CPIX)					6.5%	6.0%	5.6%	5.6%	4.8%	5.9%	5.3%
Interest rate - borrowing					11.5%	8.5%	8.0%	8.0%	8.5%	8.5%	8.5%
Interest rate - investment					5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Remuneration increases					6.3%	6.8%	6.9%	6.9%	5.0%	5.0%	5.0%
Consumption growth (electricity)					14.0%	8.0%	7.0%	7.0%	14.7%	5.9%	5.3%
Consumption growth (water)					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Collection rates											
Property tax/service charges					80.0%	77.0%	83.0%	83.0%	83.0%	83.0%	83.0%
Rental of facilities & equipment					90.0%	77.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Interest - external investments					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors					80.0%	77.0%	83.0%	83.0%	83.0%	83.0%	83.0%
Revenue from agency services					100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions (Continued)

Total municipal services		2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	Household service targets (000)									
	Water:									
	Piped water inside dwelling	1 632	1 726	1 830	1 830	1 830	1 830	1 830	1 830	1 830
	Piped water inside yard (but not in dwelling)	9 533	10 070	10 674	10 674	10 674	10 674	10 674	10 674	10 674
	Using public tap (at least min.service level)	1 780	2 014	2 135	2 135	2 135	2 135	2 135	2 135	2 135
	Other water supply (at least min.service level)	3 356	3 452	3 660	3 660	3 660	3 660	3 660	3 660	3 660
	Minimum Service Level and Above sub-total	16 301	17 262	18 299	18 299	18 299	18 299	18 299	18 299	18 299
	Using public tap (< min.service level)	–	–	–	–	–	–	–	–	–
	Other water supply (< min.service level)	10 652	11 509	12 198	12 198	12 198	12 198	12 198	12 198	12 198
	No water supply	1	1	1	1	1	1	1	1	1
	Below Minimum Service Level sub-total	10 653	11 510	12 199	12 199	12 199	12 199	12 199	12 199	12 199
	Total number of households	26 954	28 772	30 498	30 498	30 498	30 498	30 498	30 498	30 498
	Sanitation/sewerage:									
	Flush toilet (connected to sewerage)	2 452	2 589	2 745	2 745	2 745	2 745	2 745	2 745	2 745
	Flush toilet (with septic tank)	790	863	915	915	915	915	915	915	915
	Chemical toilet	1 552	1 726	1 830	1 830	1 830	1 830	1 830	1 830	1 830
	Pit toilet (ventilated)	2 940	3 165	3 355	3 355	3 355	3 355	3 355	3 355	3 355
	Other toilet provisions (> min.service level)	6 721	6 906	7 319	7 319	7 319	7 319	7 319	7 319	7 319
	Minimum Service Level and Above sub-total	14 455	15 249	16 164	16 164	16 164	16 164	16 164	16 164	16 164
	Bucket toilet	174	288	305	305	305	305	305	305	305
	Other toilet provisions (< min.service level)	–	–	–	–	–	–	–	–	–
	No toilet provisions	12 325	13 235	14 029	14 029	14 029	14 029	14 029	14 029	14 029
	Below Minimum Service Level sub-total	12 499	13 523	14 334	14 334	14 334	14 334	14 334	14 334	14 334
	Total number of households	26 954	28 772	30 498	30 498	30 498	30 498	30 498	30 498	30 498
	Energy:									
	Electricity (at least min.service level)	14 124	16 700	17 702	17 702	17 702	17 702	17 702	17 702	17 702
	Electricity - prepaid (min.service level)	–	–	–	–	–	–	–	–	–
	Minimum Service Level and Above sub-total	14 124	16 700	17 702	17 702	17 702	17 702	17 702	17 702	17 702
	Electricity (< min.service level)	–	–	–	–	–	–	–	–	–
	Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–	–
	Other energy sources	12 830	12 072	12 796	12 796	12 796	12 796	12 796	12 796	12 796
	Below Minimum Service Level sub-total	12 830	12 072	12 796	12 796	12 796	12 796	12 796	12 796	12 796
	Total number of households	26 954	28 772	30 498	30 498	30 498	30 498	30 498	30 498	30 498

Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions (Continued)

Municipal in-house services		2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	Refuse:									
	Removed at least once a week	4 493	4 547	4 574	4 574	4 574	4 574	4 574	4 574	4 574
	Minimum Service Level and Above sub-total	4 493	4 547	4 574	4 574	4 574	4 574	4 574	4 574	4 574
	Removed less frequently than once a week	697	700	915	915	915	915	915	915	915
	Using communal refuse dump	197	199	305	305	305	305	305	305	305
	Using own refuse dump	16 552	16 850	18 604	18 604	18 604	18 604	18 604	18 604	18 604
	Other rubbish disposal	221	221	248	248	248	248	248	248	248
	No rubbish disposal	4 794	6 255	5 852	5 852	5 852	5 852	5 852	5 852	5 852
	Below Minimum Service Level sub-total	22 461	24 225	25 924	25 924	25 924	25 924	25 924	25 924	25 924
	Total number of households	26 954	28 772	30 498	30 498	30 498	30 498	30 498	30 498	30 498
	Household service targets (000)									
	Water:									
	Piped water inside dwelling	1 632	1 726	1 830	1 830	1 830	1 830	1 830	1 830	1 830
	Piped water inside yard (but not in dwelling)	9 533	10 070	10 674	10 674	10 674	10 674	10 674	10 674	10 674
	Using public tap (at least min.service level)	1 780	2 014	2 135	2 135	2 135	2 135	2 135	2 135	2 135
	Other water supply (at least min.service level)	3 356	3 452	3 660	3 660	3 660	3 660	3 660	3 660	3 660
	Minimum Service Level and Above sub-total	16 301	17 262	18 299	18 299	18 299	18 299	18 299	18 299	18 299
	Using public tap (< min.service level)	–	–	–	–	–	–	–	–	–
	Other water supply (< min.service level)	10 652	11 509	12 198	12 198	12 198	12 198	12 198	12 198	12 198
	No water supply	1	1	1	1	1	1	1	1	1
	Below Minimum Service Level sub-total	10 653	11 510	12 199	12 199	12 199	12 199	12 199	12 199	12 199
	Total number of households	26 954	28 772	30 498	30 498	30 498	30 498	30 498	30 498	30 498
	Sanitation/sewerage:									
	Flush toilet (connected to sewerage)	2 452	2 589	2 745	2 745	2 745	2 745	2 745	2 745	2 745
	Flush toilet (with septic tank)	790	863	805	805	805	805	805	805	805
	Chemical toilet	1 552	1 726	1 580	1 580	1 580	1 580	1 580	1 580	1 580
	Pit toilet (ventilated)	2 940	3 165	2 993	2 993	2 993	2 993	2 993	2 993	2 993
	Other toilet provisions (> min.service level)	6 721	6 906	6 842	6 842	6 842	6 842	6 842	6 842	6 842
	Minimum Service Level and Above sub-total	14 455	15 249	14 965	14 965	14 965	14 965	14 965	14 965	14 965
	Bucket toilet	174	288	173	173	173	173	173	173	173
	Other toilet provisions (< min.service level)	–	–	–	–	–	–	–	–	–
	No toilet provisions	12 325	13 235	12 547	12 547	12 547	12 547	12 547	12 547	12 547
	Below Minimum Service Level sub-total	12 499	13 523	12 720	12 720	12 720	12 720	12 720	12 720	12 720
	Total number of households	26 954	28 772	27 685	27 685	27 685	27 685	27 685	27 685	27 685
	Energy:									
	Electricity (at least min.service level)	14 124	16 700	14 380	14 380	14 380	14 380	14 380	14 380	14 380
	Electricity - prepaid (min.service level)	–	–	–	–	–	–	–	–	–
	Minimum Service Level and Above sub-total	14 124	16 700	14 380	14 380	14 380	14 380	14 380	14 380	14 380
	Electricity (< min.service level)	–	–	–	–	–	–	–	–	–
	Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–	–
	Other energy sources	12 830	12 072	13 056	13 056	13 056	13 056	13 056	13 056	13 056
	Below Minimum Service Level sub-total	12 830	12 072	13 056	13 056	13 056	13 056	13 056	13 056	13 056
	Total number of households	26 954	28 772	27 436	27 436	27 436	27 436	27 436	27 436	27 436
	Refuse:									
	Removed at least once a week	4 493	4 547	4 574	4 574	4 574	4 574	4 574	4 574	4 574
	Minimum Service Level and Above sub-total	4 493	4 547	4 574	4 574	4 574	4 574	4 574	4 574	4 574
	Removed less frequently than once a week	4 493	4 547	4 574	4 574	4 574	4 574	4 574	4 574	4 574
	Using communal refuse dump	697	700	710	710	710	710	710	710	710
	Using own refuse dump	197	199	202	202	202	202	202	202	202
	Other rubbish disposal	16 552	16 850	16 853	16 853	16 853	16 853	16 853	16 853	16 853
	No rubbish disposal	221	221	226	226	226	226	226	226	226
	Below Minimum Service Level sub-total	4 794	6 255	4 871	4 871	4 871	4 871	4 871	4 871	4 871
	Total number of households	9 287	10 802	9 445	9 445	9 445	9 445	9 445	9 445	9 445

Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions (Continued)

Services provided by 'external mechanisms'		2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Names of service providers	Household service targets (000)									
Zululand District Municipality	*Water:*									
	Piped water inside dwelling	1 632	1 726	1 830	1 830	1 830	1 830	1 830	1 830	1 830
	Piped water inside yard (but not in dwelling)	9 533	10 070	10 674	10 674	10 674	10 674	10 674	10 674	10 674
	Using public tap (at least min.service level)	1 780	2 014	2 135	2 135	2 135	2 135	2 135	2 135	2 135
	Other water supply (at least min.service level)	3 356	3 452	3 660	3 660	3 660	3 660	3 660	3 660	3 660
	Minimum Service Level and Above sub-total	16 301	17 262	18 299	18 299	18 299	18 299	18 299	18 299	18 299
	Using public tap (< min.service level)	–	–	–	–	–	–	–	–	–
	Other water supply (< min.service level)	10 652	11 509	12 198	12 198	12 198	12 198	12 198	12 198	12 198
	No water supply	1	1	1	1	1	1	1	1	1
	Below Minimum Service Level sub-total	10 653	11 510	12 199	12 199	12 199	12 199	12 199	12 199	12 199
	Total number of households	26 954	28 772	30 498	30 498	30 498	30 498	30 498	30 498	30 498
Names of service providers	*Sanitation/sewerage:*									
Zululand District Municipality	Flush toilet (connected to sewerage)	2 452	2 589	2 745	2 745	2 745	2 745	2 745	2 745	2 745
	Flush toilet (with septic tank)	790	863	805	805	805	805	805	805	805
	Chemical toilet	1 552	1 726	1 580	1 580	1 580	1 580	1 580	1 580	1 580
	Pit toilet (ventilated)	2 940	3 165	2 993	2 993	2 993	2 993	2 993	2 993	2 993
	Other toilet provisions (> min.service level)	6 721	6 906	6 842	6 842	6 842	6 842	6 842	6 842	6 842
	Minimum Service Level and Above sub-total	14 455	15 249	14 965	14 965	14 965	14 965	14 965	14 965	14 965
	Bucket toilet	174	288	173	173	173	173	173	173	173
	Other toilet provisions (< min.service level)	–	–	–	–	–	–	–	–	–
	No toilet provisions	12 325	13 235	12 547	12 547	12 547	12 547	12 547	12 547	12 547
	Below Minimum Service Level sub-total	12 499	13 523	12 720	12 720	12 720	12 720	12 720	12 720	12 720
	Total number of households	26 954	28 772	27 685	27 685	27 685	27 685	27 685	27 685	27 685
Names of service providers	*Energy:*									
	Electricity (at least min.service level)									
	Electricity - prepaid (min.service level)	–	–	–	–	–	–			
	Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
	Electricity (< min.service level)	–	–	–	–	–	–			
	Electricity - prepaid (< min. service level)	–	–	–	–	–	–			
	Other energy sources									
	Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
	Total number of households	–	–	–	–	–	–	–	–	–
Names of service providers	*Refuse:*									
Various Contractors	Removed at least once a week									
	Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
	Removed less frequently than once a week	–	–	–	–	–	–			
	Using communal refuse dump									
	Using own refuse dump									
	Other rubbish disposal									
	No rubbish disposal									
	Below Minimum Service Level sub-total									
	Total number of households	–	–	–	–	–	–	–	–	–

2.13 Municipal manager's quality certificate

I F S Msezane, acting municipal manager of uPhongolo Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

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F S Msezane

Municipal Manager of uPhongolo Municipality (KZN262)

Date: 31 March 2015